

OCTOBER 1, 1932

**The Magazine for
MARKETING EXECUTIVES**

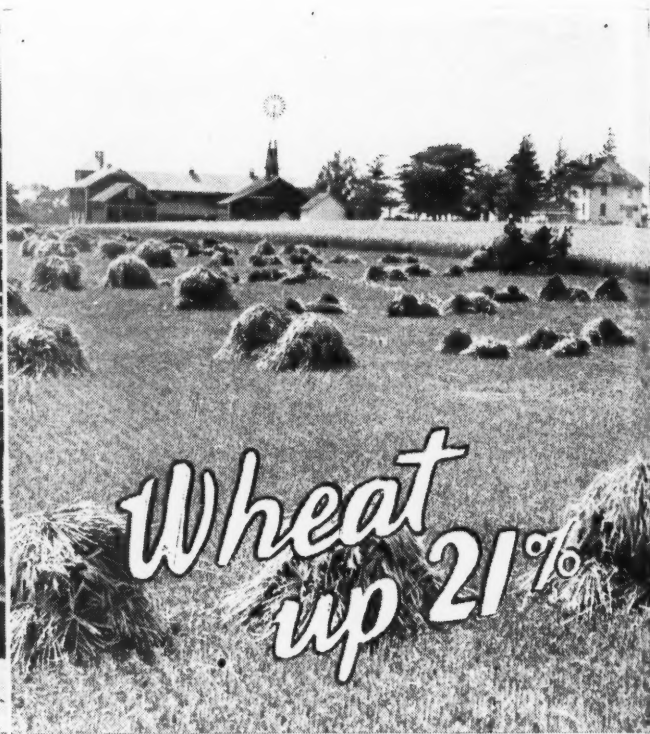
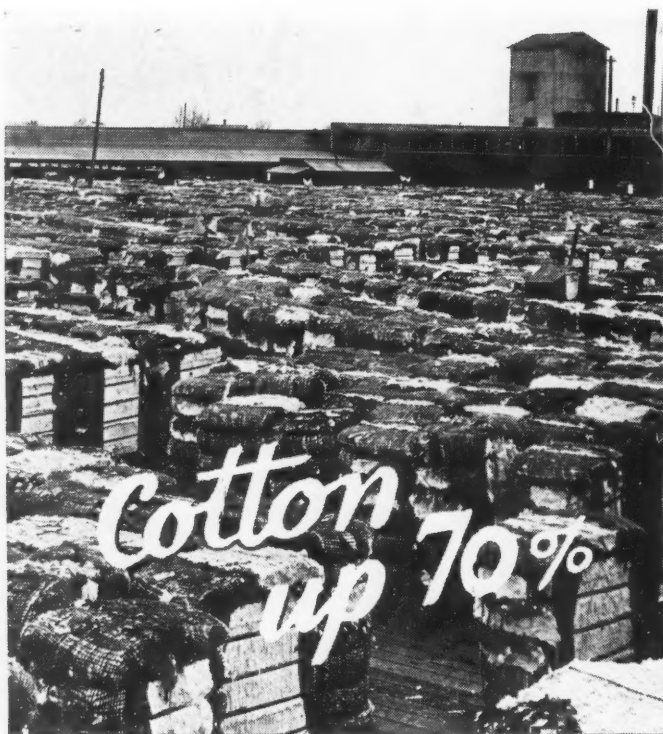
**Treasure Hunting: A
Search for Profits in
Your Business**

By Lincoln Lothrop
Secretary and Director of
Merchandising, Bigelow, Kent,
Willard & Company



Designing to Sell

TWENTY CENTS



Into the Southwest and Out of the Red!

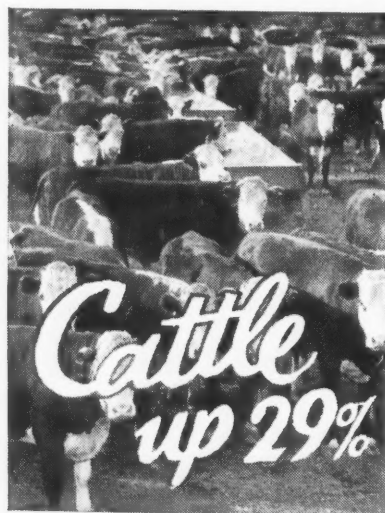
The Southwest is leading the nation out of the business doldrums opines M. H. Cahill, president of the Missouri-Kansas-Texas railroad, after an extended tour of inspection.

Business activity in Oklahoma City measured by bank debits for the three months ending July was 12.7% above the national average, according to Sales Management's September 1st survey. July department store sales were 7.8% better than the average for the tenth federal

reserve district, showing a 10.5% improvement over June.

The price of cotton, the big cash crop of the Oklahoma farmer, has advanced 70% over the 1932 low. Wheat has jumped 21%, cattle 29%, and hogs 33%. Rising farm prices are spreading to other raw materials and stimulating buying all along the line.

Concentrate sales effort in the heart of the Southwest—the Oklahoma City Market—and watch selling costs climb out of the red. Here unit sales cost is low when the Oklahoman and Times do your selling job thoroughly and *alone* at one *low* advertising cost.



OKLAHOMA PUBLISHING COMPANY
Oklahoma Farmer-Stockman Station WKY
National Representative E.KATZ Special Advertising Agency

More Light on... ACTUAL BUYING PERFORMANCE



of Families in Different Income Groups

MORE FACTS on the difference between *People* and *Purchasing Power*. Again TIME penetrates the fog that has encompassed the variations in "per capita" consumption of families with different incomes, shows which families are best consumers of your product, which buy infrequently or in small quantities.

Volume I of "MARKETS BY INCOMES" showed these facts in many fields: food, automobiles, refrigerators, radios, electrical appliances, bathroom products, opening an entirely new field of sales research. Sales and advertising executives were lavish in their praise, insistent in their demand for similar information on other products and merchandise.

TIME's trained staff of investigators again pushed Appleton doorbells this year, gathered more up-to-the-minute facts. With this new information, Volume II continues and completes the work of Volume I.

Typical American families in the city of Appleton, Wisconsin, supplied the

Volume II

"MARKETS BY INCOMES"

NOW READY

Contains facts from TIME's 1932 Appleton Survey—the first accurate analysis of the relation of income to purchases of—

G A S
W A T E R
B O O K S
P A I N T S
C L O C K S
S I L V E R
W A T C H E S
P L U M B I N G
E L E C T R I C I T Y
F O U N T A I N P E N S
S P O R T I N G G O O D S
M E N ' S C L O T H I N G
F L O O R C O V E R I N G

With discussion of charge accounts, and of local vs. out-of-town purchasing.

facts for "MARKETS BY INCOMES." 1,500,000 retail purchases were recorded, analyzed, correlated with the sworn income tax returns of the purchasers. TIME's access to the files of the state income tax

returns eliminated all guesswork, makes this survey complete, authoritative.

In the past, sales and advertising executives have too often had to guess which families deserved the best sales effort, have the high per capita consumption.

Now they are supplied with an accurate index as to the differences in consumption of families with different incomes in a wide variety of products, to the frequency of their purchase, to the quality of the products bought by families in different income groups.

Some businesses may discover that they have concentrated too much sales effort on families whose per capita purchasing is small. Others may discover large, highly productive markets hitherto considered too small, for lack of evidence. *It's time to get the facts.*

TIME

The Weekly Newsmagazine

Survey of Surveys

BY WALTER MANN

New Sales Control Manual for Chicago

A little more than two years ago S. O. S. went into a real spasm of enthusiasm over an exceptionally interesting sales control system for the city of Chicago and its immediate suburbs, originated by the Rodney E. Boone Organization, and prepared by the Merchandising Division of the



Walter Mann

Chicago *American* in the interest of more intelligent sales planning in the Chicago territory. S. O. S. predicted that both the manufacturers for whom the system had been designed and the *American* would benefit immeasurably from their use of this unusual sales weapon.

After this system had been in actual use for about a year

by some of Chicago's leading advertisers, Ray Bill, publisher of SALES MANAGEMENT, who is always interested in new approaches to sales problems, asked S. O. S. to check up on these advertisers, to see how successful the *American's* new method had proved itself in actual practice; to find out to what uses it had been put, etc. So S. O. S. made a special trip to Chicago and carefully checked up on a selected list of users, each of whom was strong in his praise of the new method. He put some of the most interesting uses into a group of articles describing the application of this new Sales Control System to a series of widely varying needs. The check-up showed clearly that those who had gone after their sales control problems in a thorough, serious-minded manner, had learned some startling facts about their methods of distribution, etc., and had corrected them accordingly. The *American* had developed a list of new advertisers as a result which bodes well for a continuance of the manual as a permanent thing.

Six months ago preparations were begun for the bringing of the earlier material up to date. Because of its new proved value the *American* had no difficulty in getting the whole-hearted cooperation of many sales and advertising, as well as advertising agency, executives, also of the Chicago Association of Commerce, the Chicago Regional Planning Association, the Chicago Motor Club, the City Census Department and a list of other sources as long as your arm. And the result has been a 15x20-inch sales control manual of such flexibility and fineness of detail as to make the original book look like a very small and very young brother.

The balance of this week's column will be devoted to an attempt to describe this new volume, which is still hot from the pressroom and bindery.

As in the earlier effort, there are a few opening pages describing the city of Chicago and its environs as the "second largest market in America," the "third great financial center of the world," the "world's largest inland port," the "transportation center of the country" and many other not too modest but easily provable claims. Another page defines the Chicago market's area as coming within a rough forty-mile radius of the Chicago City Hall. In this radius, says the latest Federal Census, are 4,659,738 people, an excellent increase, despite the almost constant carnage which goes on in the area. And a staggering total of more than \$2,300,000,000 of retail sales suggests that quite a good deal of business still goes on in this area, despite the good old depression. In this section of the book also are maps and tables showing the population and retail outlets by routed divisions and by counties, and later by area centers and area sub-centers and their tributary towns. In their respective columns are shown (1) the number of road miles of each tributary town from the area center or sub-center, the number of road miles to Chicago, the country, the 1930 population (also in families), the number of chain and independent grocery stores and drug stores, the number of men's wear stores, of women's wear and dry goods stores, of shoe stores, of radio stores and of auto accessory, hardware, electrical and furniture stores. Next is a column in which data on the major competition in each of these centers may be described, another for the distribution, and still another for the character of the population. In a final column are given the general characteristics of the community, i.e., whether residential, factory, resort, etc. The section closes with a blank full-page for sales manager's notes.

Then we come to the main body of the manual, i.e., the breakdown of the city and immediate suburbs into 54 sales divisions, opposite which is placed invaluable information for the evaluation of each territory as a potential market for the manufacturer's merchandise.

First we have a map showing the fifty-four sales divisions and the immediate suburbs of Evanston, Oak Park, Cicero and Berwyn, and the statistical data pertaining to each division on an opposite page. Figures given here are for total outlets in each division, total independent outlets, the number of independent grocery stores (rated as grades A, B and C), plus delicatessens, the number of chain groceries, also similar data for drug stores and for the other classifications. Below is a space in which sales managers can place similar figures for their own business. Above are figures for the Chicago city market vs. the suburban market, showing the per cent that each is of the total, showing also the population and the number of families in each. There are also places for sales manager's notes on "selling foreign types," i.e., the racial or natural habits of foreign peoples which prevent or increase their purchasing habits in respect to a given product (Ger-

mans, for instance, buy rye bread in great quantities; Mohammedans, on the other hand, will not eat mince meat), on possible distribution, on competition, etc. A new feature of this year's book is a divisional map, color-coded for buying power into wealth, upper-middle, middle, lower-middle and low classes, and the statistics on an opposite page to bear it out.

Finally we attempt a description of the detailed figures for each sales division. And here is where our hat is off to the *American* and its Merchandising Department for the finest piece of independent statistical work for a picture of its market that it has ever been our privilege to see (and we get around and see quite a lot!).

Not only have we the maps of the fifty-four divisions, as we previously had in the earlier work, with an actual locating of the high, medium and low class grocery and drug stores, the street car and elevated lines, the shopping districts, the points of sales interest and the blocks which are dominated by various nationalities. On the opposite page we have the following information, which is beyond all shadow of doubt the most comprehensive collection of data, directly usable by a sales manager, that S. O. S. ever saw: First is shown the number of grocery stores divided into chains and independents, and into class A B and C stores and delicatessens, and the same information for drug stores. Next, the number of radio outlets, paint stores, hardware stores, restaurants, men's wear stores, women's wear and dry goods stores, independent and chain shoe stores, auto accessory stores, electrical stores and furniture stores. Underneath is a space in which the sales manager can put his own figures. Next come population figures, i.e., the number of people, the number of families and the number of people per family, and the per cent of Chicago proper which is in this division, as well as the per cent that this number is of the complete Chicago market. Next we have figures, hitherto unobtainable, of the number of families in the division in the following income groups: Under \$2,000; \$2,000 to \$3,000; \$3,000 to \$4,000; \$4,000 to \$5,000 and \$5,000 and over. Also under this heading we find the total number of wage-earners as of the 1930 census, the average number of wage-earners per family, the per cent of male wage-earners, the total earned income in the division (in dollars), the per cent of the city total, and the average family-earned income. Next, some equally vital hitherto unpublished data, the total annual amount of retail sales that are made in the division, what per cent this is of the total, and what the average amount of sales per family is, that is spent in that division. This, S. O. S. avers, is some of the most revealing information that has ever been published about a city's spending power by sections. Next, we have important data about the male population, i.e., the total number of males in the division, the number of these that are wage-earners, the

(Continued on page 296)

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Sales Letters

BY MAXWELL DROKE

The Sparkle of Life

Once upon a time, a good many years ago, I chanced to be in Washington, D. C., on a sultry summer afternoon. There was a parade in progress (there is practically always a parade in progress at Washington) and several thousand of us were lined up at the curb to watch the spectacle. Down Pennsylvania Avenue came a white-coated Ethiopian with a small pushcart, crying lustily, "Hot popcorn, peanuts, candy, chewing gum!" Directly



Maxwell Droke

behind him came a second colored gent, with an identical cart, but a less enterprising manner. His lagging gait indicated that he might be benefited by the services of a capable chiropodist, and, as he trailed the pace-setting purveyor, he mumbled monotonously, "Same here; same here." I mention this incident because it brings out a tendency that is surprisingly prevalent among writers of sales letters. I have recently analyzed a hundred letters sent in to me for criticism. Nearly half of them, I find, fit rather snugly into this category. One letter, for example, points out that with improving business conditions there will be an increased demand for roofing. That's a good, timely opening. But instead of elaborating upon the specific advantages of his product, the writer rather lamely concludes: "We urge you to give special consideration to (name of brands) and our long line of miscellaneous articles, which we can include in cars. Our books are open for fourth quarter on all lines and we solicit an opportunity of demonstrating to you just how well we can serve you."

A hat manufacturer contributes this generality:

"Just a line to remind you that we are still in the headwear game, and wanting very much to do something for you. . . ."

This is followed by a couple of paragraphs saying that prices are lower (which is no longer news to the merchant) and stating that the company's representative, Mr. W. G. Blank, will be around soon. It concludes:

"Remember us when you think of headwear. Send us your mail orders between calls, and we will make it worth your while."

There is nothing in either of these letters to catch or hold the interest of a reader. They lack personality—the spark and sparkle of life. If the prospect happens to be in the market at that moment for roofing or headwear, he may send in an inquiry. But that's an off chance. There is no *creative* selling. Just another

monotonous "same here."

I have selected two letters at random. From my files I could dig out half-a-hundred similar examples. It may be argued, of course, that these are prosaic products, lacking in any specific talking points. I am not willing to grant the contention. I think there is always *something* in a product, or a line, to be dramatized, if we dig deeply enough. But at any rate, if the products are colorless, we can always build a personality for the house. We can make the prospect feel that we are friendly folk with whom he would *like* to do business. Then, when order-placing time comes round, we will have an edge on those who trail along, echoing the threadbare arguments of Quality, Price and Service.

"Different" or Indifferent

There are, in the final analysis, only two kinds of letters—the "different" and the indifferent. Each business, and each individual, has certain characteristics which, in the aggregate, make up personality. If we hide these characteristics under a bushel of technique, lifted from the other fellow, then our letters are certain to be indifferent. They lack the subtle something that only individuality can give. And so they fall flat.

One Bird with Two Stones

A food products manufacturer, who has been furnishing a series of elaborate monthly mailings for consumer distribution, now finds that retail grocers, who pay a portion of the cost, want to include these mailings with the regular monthly statements, thus thrifly making one postage stamp serve two purposes. The manufacturer is quite perturbed, and seeks an outside opinion.

Since this is a problem of general interest, let's analyze it a bit: In the first place, let me make clear that I have no argument against envelope enclosures as such. Enclosures which accompany monthly statements may be made very effective. Many stores trace direct returns to this form of merchandising. But the enclosures should be specially designed for the part they are to play. In the case in question, the letter-folders are designed to fit a baronial envelope. To cram them in with the monthly bill necessitates an extra hand fold, destroying much of the effectiveness of the illustrations.

But there is an even more important consideration: In sending out mailings of this type, no grocer should neglect his profitable and desirable cash customers, as well as certain selected prospects, whose patronage he especially seeks. These persons, obviously, would never be reached if mailings are confined to statement enclosures.

My comment, in the August 1 issue, on the "complimentary close" has stirred up quite a bit of discussion. Several correspondents of the New School have written in friendly disagreement. They feel that "Yours truly" and similar expressions have outlived their usefulness, and should be discarded. I am entirely willing to grant the logic of their argument. But as long as the "complimentary close" does not slow the action of the letter, and there is a chance that one person in a hundred will react unfavorably to the omission, I vote for retention.

Adversity's Sweet Uses

It is an ill-wind that blows no business into somebody's back door—provided the said door is left invitingly open. Instance the case of the Packer Manufacturing Company. Calvin R. Webber, assistant to the President, tells me that one of his most effective letters to jobbers' salesmen is built around this key paragraph:

"The tighter the times, the more shampoos at home. And by the same reasoning, fewer men will pay a barber 25 to 50 cents for a few splashes of hair tonic, when \$1 will buy a whole bottle of Scalptone."

This, of course, is made a valid argument for increased pressure on the Packer products at this time.

Letters as Units

A St. Louis correspondent sends me a very interesting series of letters, in which he has followed the sound practice of devoting each missive to a specific feature of the product or proposition. This is a splendid idea. I am very strong for it. But our friend has neglected one important point—a brief resume of ALL the talking points in EACH of the letters.

It is sound logic to dramatize one feature at a time; but the other points should not be omitted. Forget for the moment that you are writing a "series" of letters. Make each one complete in itself. For, after all, each must "stand on its own feet." Remember that while you write a series as a unit, the reader peruses these letters at intervals of ten days to two weeks. We cannot reasonably expect him to keep all of the details in mind. So we must tell him over again. Even though you explained a certain feature in a previous letter, be sure to bring it in again, incidentally, each time you write.

* * *

What type of collection letters are bringing best results for you these days? We are especially anxious to know how our readers are meeting current collection problems. Will you share your prize producers with the other folks? And of course we're always glad to have a look at your pet sales letters, as well as those that aren't working out so well.

Significant Trends

As seen by the editors of *Sales Management* for the fortnight ending October 1, 1932:

● ● ● Recovery of *at least* seasonal proportions seems assured for this fall. Certain indicators, such as freight car loadings, electric power consumption and construction contracts, are now pointing to a greater than seasonal gain.

● ● ● As time goes on the Presidential election seems to assume less and less importance as an index to business. We like the diagnosis of Ralph B. Wilson, the Babson vice-president. When asked last week by a SALES MANAGEMENT editor what effect, if any, a change in administration would have on business recovery, he answered, "Practically none. Recovery will be brought about by a revival of buying from Main Street. Inasmuch as a majority of the people select the President, a majority automatically will feel better after the election, and will be in a better mood to buy."

● ● ● Bank suspensions are decreasing sharply—only 85 in August, and a lesser number is indicated for September. In the first half of last month deposits in *reopened* banks exceeded the deposits of those that were closed.

● ● ● Bank clearings increased in each of the last two weeks, the gains being 12 and 20 per cent, respectively.

● ● ● The New York *Herald Tribune's* index of general business moved forward last week for the ninth consecutive week, and has risen 7.8 per cent from the low.

Prices The Irving Fisher all-commodity index of wholesale prices now stands at 62.4 per cent of the 1926 normal, a gain of 3.1 from the low point. Conversely, the purchasing power of the business dollar has declined from \$1.688 to \$1.602.

● ● ● Not all prices are holding. The oil industry is threatened with relapse through seasonally falling gasoline consumption and mounting stocks. The newspaper industry is in a state bordering on chaos, created by last week's reduction of 13½ per cent superimposed on existing low levels. Oats last week sold at the lowest price since 1897.

● ● ● Wholesale food prices have eased off slightly from the high point reached on September 6. The Bradstreet index declined from \$1.79 to \$1.77.

● ● ● Prices of cotton and wheat command more newspaper attention than other farm products, but the price of eggs affects many more people. Eggs last week were selling for the highest price since September 29, 1931.

● ● ● Raw cotton has lost half of its advance from the year's low, but cotton cloth prices are holding firm. Mills have a manufacturing margin (difference between prices per pound of raw and of manufactured material) from 40 to 70 per cent greater than in the early summer. Thus they have a better prospect of making money on manufacturing operations, as well as through inventory appreciation.

Production Electric power production in the fortnight continued its gains. In the week ending September 10 the adjusted index stood at 91.4 per cent of normal, and the gain was much greater than seasonal. The following week saw a continuation of the gain, but at less than the seasonal rate.

● ● ● In all states where data are available, factory employment and payrolls increased in August over July.

	Employment Per Cent Increase	Payroll Per Cent Increase
New York	2.9	3.7
Pennsylvania	2.0	5.0
Illinois	2.3	6.2
California	15.0	13.5

● ● ● We reported in the last issue that building permits in August showed a contra-seasonal increase of 4 per cent over July. Among individual cities where striking gains were scored were (in order of volume of permits granted) New York, Baltimore, Philadelphia, San Francisco, Washington, Wichita, Cleveland, Sioux City, Albany, Wilmington, Terre Haute, St. Louis, Yonkers, Minneapolis, Detroit, New Orleans, Chicago, Macon, St. Paul, Allentown, Denver and Dallas.

● ● ● Steel production still is staggering along at discouragingly low levels, but the 3 per cent increase the week ending September 19 was larger than in any of the four preceding years for the corresponding period.

● ● ● In the week ending September 17 the 638 lumber mills which are members of the National Lumber Manufacturers' Association reported orders for 188 million feet. This is the largest total for any 1932 week to date and was 69 per cent above production.

● ● ● The analysis made by the New Haven Chamber of Commerce of industrial operations in that city is only a straw, but it certainly is not the only city where in hours of operation there was a reversal of trend in August.

	No. of Employees		Hours of Operation	
	1932	1931	1932	1931
July	14,082	17,734	2,001,972	3,198,504
August	13,945	17,390	2,336,072	2,912,272

Distribution Since the low point reached on July 9 of 416,000 cars, freight loadings have increased to 587,000 cars for the week ending September 17. The rise is nearly 50 per cent, and the total is the largest since last December, but loadings still compare unfavorably with 742,000 for the same week last year, 965,000 in 1930, 1,153,000 in 1929, and an average of 1,122,000 for the years 1924 to 1928.

● ● ● Motor vehicle manufacturers are cheered by the upturn in buying in agricultural states. In nine Middle West farm states August sales of new cars fell off only 11.2 per cent from July, as against a falling off of 32

per cent in August last year. Three states—Kansas, Minnesota and Idaho—showed actual increases in August over July—a most unusual development, as normally there is a decline of about 20 per cent.

● ● ● Last week showed an upturn of 25 per cent in telegraph service over the preceding week.

● ● ● Smokers in August this year consumed more cigarettes than in August last year. The gain, 0.4 per cent, was the first in 15 months. Cigars, snuff and pipe tobacco made a better comparison with last year than in any of the seven preceding months.

● ● ● According to the alert *Hartford Times*, another indication of a revival is the heavy registration of traveling men in the hotels of that city. Registrations are heavier than in the same month last year. . . . Our scouts in Maine and the White Mountains tell us that resort business in September was far better than last year, and ahead of either July or August. It shows that there is money to spend, and will be spent as fear of the future grows less pointed.

● ● ● Passenger traffic on the extra-fare trains is showing a healthy increase. The extra-fare trains of the Central last Wednesday and Thursday brought 1,275 passengers into New York between 8:30 a. m. and 10 a. m., a record in recent months.

● ● ● A. & P. sales in the five weeks ending September 3 declined less than in the July period. Dollar sales were off 15.6 per cent from last year; tonnage sales only 3.4 per cent.

● ● ● Department store sales in the first half of September (see box on page 269) picked up briskly. Out of 17 lines of retail trade in New York City, as reported by Bradstreet, one last week was ahead of last year, eight were equal and eight were below.

● ● ● Retailers are now profiting from inventory appreciation on many of their lines, and the head of the J. C. Penney Company is so convinced that advancing commodity prices will carry through the fall that his company has covered its requirements on all staple goods up to the end of the year and will shortly begin operation for next spring.

● ● ● Sears, Roebuck's September sales in the farm regions ran only 10 per cent below a year ago, which compares favorably with the 25 per cent decreases experienced during the spring and summer.

● ● ● New passenger car registrations for first seven months of 1932: Auburn group, 9,023 vs. 23,887 the same period last year; Chrysler group, 133,794 vs. 131,695; Ford group, 156,320 vs. 403,654; General Motors group, 344,410 vs. 603,550; Hudson group, 24,000 vs. 48,346; Studebaker group, 31,371 vs. 35,255; Willys-Overland group, 18,812 vs. 36,981; total for all cars 767,742 vs. 1,371,421.

● ● ● The head of the American Woolen Company explains that it was accumulated orders of a demand nature rather than forward buying which accounted for their 400 per cent increase in August sales over last year. Time soon will tell whether this condition applies only to the textile industry. There is pent-up demand in every industry; it will be released. Will a prophet tell us when?

● ● ● Apropos of that, the R. H. Macy store in New

York and Bamberger's in Newark have large murals on display which depict typical industrial scenes. The effect is one of teeming activity and rising prices. Captions read, "Millions think prosperity is returning. What's your guess?"

● ● ● September sales of household refrigerators normally run about 10 per cent below August, but Frigidaire reports that for the first twenty days of the month their business was 25 per cent ahead of August.

Generalship

The shoe industry has kept reasonably busy throughout the depression, but each season's prices have been lower than the last, meaning decreased returns for both labor and capital. Last week the larger manufacturers, stimulated by higher prices on raw materials and a rising sales curve, advanced their prices all along the line.

● ● ● In another industry, paints, the Sherwin-Williams Company is trying to stimulate buying by notifying its dealers that it will guarantee prices against decline until January 1.

● ● ● New York stores on Saturday, September 10, had an unexpected burst of buying, with gains over the same day last year running from 18 to 300 per cent. . . . R. H. Macy and Company in August increased its newspaper advertising 20 per cent over last year, and other stores are going more aggressively after business—and getting it.

● ● ● The Pennsylvania Railroad began last week door-to-door delivery service in the New York district. The New Haven, to combat the passenger competition from busses, is now operating an "Economy Night Express" between New York and Boston. The fare, \$5.00, is a saving of \$3.26 from the regular rate.

Potpourri

The *New York Times* says that retail trade in New York has turned the corner everyone has been looking for these many months. Their enthusiasm doubtless is prompted by the fact that on Sunday, September 17, the paper carried a greater volume of retail store advertising than appeared in any previous issue in its history—222 columns, with eight more columns ordered but omitted for lack of space.

● ● ● The current Federal Reserve Board report calls attention to the fact that this is the first time this year that improvements in industrial and financial activities have been sustained over a seven-weeks' period. The report covering August and the first three weeks of September shows hoarding dwindling, factory employment improving, building contracts and industrial production volume accelerating at greater than a season rate.

● ● ● Distributors Group, Inc., is making a poll of 1,411 banks and investment houses, and 84 per cent of those replying believe that general business conditions are improving; 86 per cent believe that the low point in security prices has been passed.

● ● ● The depression is creating many new, or hitherto infrequently used, terms—reflation, dehoarding and the like. That dehoarding has been increasing is seen in every bank statement. Since the first of August currency in circulation has dropped 86 million, which compares with a rise of 315 million last year; since July 15, owing to the restored confidence in the dollar, European nations have been returning their gold to this country and our stocks have increased 256 million dollars.

Large or small, no business can afford to neglect periodical checkups of products, policies, and methods to locate wastes and improve earnings. For it costs bushels of money to keep on making the same old mistakes. Here is a plan to guide you.

SALES falling? Very possibly. Expenses rising? Not necessarily. Profits off? They shouldn't be. Try checking up.

If you are groping in a fog of bewilderment, questioning which way to turn, check up your own efforts, step by step. Many a company has thus dug up the answer during the last few months.

The method follows. The only further requirement is brains to apply it.

From time to time, in spite of current business conditions, we all learn of some bright spots in business. During the past year and a half of general business gloom a number of companies have done an outstanding job of selling at a profit. In New York State we hear of a company making rugs of cotton waste and operating to capacity. In New Orleans a textile company buys \$150,000 worth of machinery, and this same company has been running full time throughout the year.

Why? What magic has transmuted red ink into black? Merely an application of brains to immediate problems and a check-up of items overlooked all too often.

Today business conditions may be "normal" or "abnormal." What of it? We, by force of circumstances, have to continue today to earn our bread and butter (and a little jam). Whatever descriptive tag we may tie to our situation, we must accept conditions as they are for a starting point.

The "depression" will never pass. We must individually pass the depression, and those who sit tight will run a risky chance of being left right where they are today, "as soon as business gets better" for those who did the passing.

Granting this, the question in many minds is: "What shall I do first?"

Looking at any business as a whole, the activities may appear a dark mass of inextricable confusion; concentration on details one by one often brings light on a distressing situation. Answers to business problems generally become obvious when the scientific

Treasure Hunting: a Search for Profits in Your Business



Lincoln Lothrop

Part I of an Article in Three Parts

BY

LINCOLN LOTHROP

Secretary and Director of Merchandising,
Bigelow, Kent, Willard & Co., Inc.
Boston, Massachusetts.

method of approach is used.

Simply stated, we must:

First: Find the facts.

Second: Decide what is wrong with the facts.

Third: Determine what to do to correct adverse situations.

Fourth: Estimate the cost of changes and decide whether it bears an economic relation to expected results.

Fifth: *Act* upon decisions made.

Old stuff? Certainly. So are the Ten Commandments, but you and I need to be reminded of them once in a while.

Starting the Search for Profits: Where do we begin the search for the elusive profit dollar? Consider, first, products, markets and the economics of the business, for these are important among the tools with which management must work.

Checking the Product: Talk on any subject to a manufacturer in the United States and he will eventually tell you that, considering price, his products are better than any others in the field. He honestly believes this, yet his competitor down the street tells the same story. Unfortunately, the consciousness of having made every effort to turn out the best possible products at the price often blinds him to their faults.

What better time than the present to put aside our blinders and look at our products with an unprejudiced eye? Possibly our diminished markets are far from being the cause of our decreased sales and profits. Possibly much of the fault lies internally.

How about the *design and styling* of products? One manufacturer of school supplies found on investigation that the cast-iron base of a stand for globes had not been changed for fifty years. A New England manufacturer of bedroom suites who called in a consulting designer to style his line for the new year found his sales doubled as a result. If products are being designed by the same person who has ground them out for years, it is worth while to consider the desirability of a new point of view.

Packaging improvement has been so

stressed in recent months that it would seem almost superfluous to mention it if we still did not see food products, tooth pastes, stationery items, which cling to ugly out-of-date packages. The related subject, counter displays, merits due thought under this division of the problem.

Do *package sizes* give the quantities which are desired by the customer? The maker of one type of biscuits has increased his business by packing his crackers in separate moisture-proof units inside the larger carton. Some makers of butter have not yet discovered that the housewife likes her pound of butter divided into four long pieces, which make for easy serving at the table.

A discrepancy between advertising

ous items of the line, especially "increment products," which may be sold at little or no extra sales expense, often pays dividends.

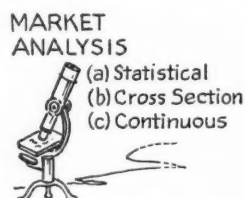
Sometimes the *major product* of the company is in so heavily competitive a field that profits are impossible at prevailing prices. In the case of a certain artificial leather manufacturer, profit margins had decreased so much over a period of years that but one thing was left to do. This manufacturer decided to stop manufacture of the artificial leather line and devoted his attention to pyroxylin-treated cloth. Within a year he had brought his profit standing up well past the point he was able to reach while selling the old product. Similarly, it may be well to let the other fellow steal vol-

The recent development of flashlights in the form of a wall-light operated by a dry cell is merely a development of candle sconces used two hundred years ago, or pine knot torches hung upon a hook.

Former uses of products similar to our own may similarly furnish us with new uses for our old products or new products to extend our line.

Checking the Market: Knowledge of markets is necessary to most successful operation. A check into various phases of market knowledge often develops that actual scientific familiarity with possible outlets has never been acquired. The average manufacturer's acquaintance with his market is like folk-lore weather predictions as compared with the scientific forecast-

The Sales Manager Who Does Not Know



claims and performance of a product may answer the question of a drop in public acceptance. It costs little to check the reaction of consumers in the field to a product. Too often the opinions of self-interested employees are taken as a basis for important final decision.

A reaction investigation among users as regards the performance of safety razor blades would shout the answer to the question of why certain companies are getting fewer and fewer repeat sales.

The relative *profitability of products* may well be considered much more carefully than is usually the case. Often one or two major products are found to be making profits which are scattered by other products being sold at a loss. A study of product profitability has led one manufacturer of neckwear to change his sales methods radically, stressing heavily a line of men's four-in-hands instead of junior bows, which were formerly believed to be profitable. The costing of vari-

ume business and with it the loss, while we concentrate on products of smaller volume and greater spread. With such a policy, however, the manufacturer must be ready to change again as soon as the new product becomes an old one.

The question of *new products* must be considered. It is far from the answer to all problems as so many manufacturers seem to think. Covering a field in itself, the solution to this phase of merchandising often resolves itself into an adaptation of the old product to new uses or to new outlets.

For instance, a device has recently been put on the market to use third dimensional photographs in displaying new styles, heavy machinery or real estate—any products which by their nature are not easily carried around by the salesman. The principle is that of the stereoscope, which our grandfathers played like a trombone. Evidently the idea is so old that, in the ever-recurring cycle of youth replacing age, it has become new again.

ing of the Weather Bureau on which the ships of our airmail rely.

Imagine the New York-Cleveland plane taking off on the information: "Red sky at night, sailor's delight; red sky in the morning, sailors take warning," or "Rain before seven, clear before eleven," and you have a picture of many a modern business man laying a sales campaign.

Knowledge of markets includes consideration of the *potential market*. In order to discover whether we are covering the market for our particular product, we must know that market's volume and distribution.

If several of our products go to *divergent markets*, each market potential must be examined. In some cases such a study shows the desirability of eliminating certain unprofitable markets and with them products which for market reasons cannot be expected to pay a profit. One company making school desks found a much more economical distribution possible when the department store trade buying a few

folding nursery desks was eliminated from its salesmen's lists of prospects, allowing much saving in time and greater concentration on customers who bought the regular line of product.

The market analysis may be of the statistical type, the cross-section type, or the continuous type. Often the *statistical* study alone reveals untouched areas, or possibly territories which are not being cultivated to a reasonable extent.

The *cross-section* study which investigates the market as a task external to the company sometimes yields results of interest and profit, but can rarely be done with satisfaction by the personnel of any except the leading companies of the country. Usually, outside counsel must be called in if de-

son of standards may, and often does, show serious discrepancies in possible opportunities for salesmen. One furniture manufacturer, who formerly based his territories upon population alone, dividing along State lines, was surprised to find that his sales increased about 20 per cent when sales territories were balanced and all men given an equal opportunity.

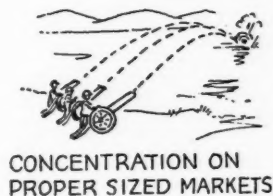
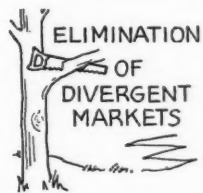
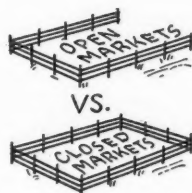
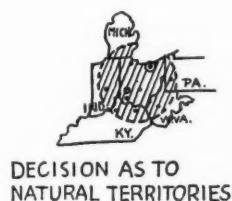
Today many a manufacturer is discovering that his greatest potentials lie in a *natural territory*, the *area surrounding* his own plant. The "West Coast" was tempting to one Cleveland confectionery manufacturer, but study showed that the New York, Western Pennsylvania, Ohio and Indiana territories were yielding only about 45 per cent of the business he could reason-

company can decide quickly and bring home the resulting order. Recently, the president of a silverware company completed such a deal for premiums to be used in connection with a campaign to sell food products. Although the order was taken at a low price, it not only showed a slight but reasonable profit because of volume, but relieved other products from carrying the burden of an idle plant.

The sales manager often presses with equal force upon all territories, whatever may be the size of their potentials. Concentration on large sparse areas rather than on small dense ones may mean profit instead of loss.

Open markets should be sought, rather than closed markets. By an "open market" is meant one where

His Market Is Hopelessly Handicapped



pendable results are to be expected, and even the largest organizations frequently feel that their own staffs are not qualified to make studies of this nature. One of the major automobile groups has recently begun an investigation of the cross-section market analysis type, using consulting service from outside the company.

The *continuous* type of market analysis is growing in favor. In this form, the company's own salesmen are furnished prepared report forms on which to record information about buying potentials in the territory, and a picture of total territorial potentials is built up from data submitted. Much care must be exercised in bringing together this information, interpreting and weighing the data turned in.

When the potentials of all territories have been assembled, a standard performance for each should be decided upon by considering factors which may affect performance—such as competition, freight rates and nearness of plant to market. A compari-

ably expect. Until these markets should be saturated, he decided to withdraw his efforts to cover the Pacific States.

On the other hand, studies of potential markets may indicate some that are *untouched*. New England is a rich market in itself, yet many manufacturers have met with little success there, principally because they have been unable to solve the peculiar buying habits of this territory. When proper representation was obtained in New England, one manufacturer of home-garden wheel-plows found a new fertile territory which previously he had given up as a bad job.

"*Negotiated Sales*" for some manufacturers offer a new and untouched market. Sales frequently can be made in large volume to quantity buyers if an official of the company who is empowered to negotiate prices and deliveries makes the contact with the purchaser. Usually necessary readjustments of contract conditions are beyond the capacity of the ordinary salesman, but the president of the

sales effort enlarges the entire field; by a "closed market," one where sales effort merely increases the percentage of coverage in a field which cannot be extended greatly as a whole. A manufacturer of proprietary medicines for other companies, which did the selling, was endeavoring to increase his coverage in that field—a closed market as far as he was concerned. There are a definite number of manufacturers in the country; sales effort might wean some away from competitors, but would not increase the total number. However, he was making a few candy mints wrapped in tinfoil rolls, although he exerted no great effort to sell this open market. Through certain economies, he reduced the cost and selling price of mints to an attractive figure, and during 1931 sold mints in carload lots, reputedly for the first time in the history of the mint business.

(Part II of this article, which discusses a checkup of the economics of a business and the sales personnel, will appear in the next issue.)

Here's a Story
for the Discouraged
Salesman
Who Says:

"Everybody
in my
Territory
Has One."

Is the small town and country market heavily under-valued as a market for specialties? There is evidence in this article that it is. You've probably never heard of Washington, Pennsylvania, but the Maytag dealer there outsells many dealers in wealthier and more thickly populated communities.

BY
A. R. HAHN



Wilson Electric's Washington display rooms. Simplicity of window display makes for an effective singleness of impression and takes the shopper's attention where it ought to go—to the product itself.

How Wilson Pulls Fat Orders Out of "Lean" Territory

That headline is really all wrong. Because most territories are lean only in the eyes of the salesman who works them. Here's a small town Maytag dealer who, in 1932, will equal or better his peak record of 1929. Twelve hundred machines in a county where nearly half the banks have failed within two years, and where much of the income is from steel and farming!

IN a territory where conditions have been anything but rosy during the past year—Washington County, Pennsylvania—the Wilson Electric Company, Maytag dealers, will this year equal their record for 1929.

In that year they sold 1,249 Maytags. Up to September 1, 1932, they had sold 842 machines; maintaining the same rate of sales during the remaining four months, the probable figure for the year will be 1,260—a bit better than the 1929 record. Wilson salesmen are doing 80 per cent of the total washer business in the Washington County territory now, whereas a few years ago they had to be contented with about an even half.

In the belief that too many salesmen are telling their sales managers that "everybody in my territory has

one," SALES MANAGEMENT is gathering some actual fact-reports on dealers and salesmen who are selling an unusually large proportion of the total market in their territories. These stories prove conclusively that there are few lines in which the market is anywhere near a saturation point. The chances are that the salesman who complains that he has a "bum" territory is overlooking opportunities on every street corner.

Let's take a look at the Wilson Electric Company's territory—its apparent potential, and its actual sales value as developed by this aggressive little organization. The population is 200,000 — about 40,000 families. Eighty per cent of the homes are wired, but all have to be taken into consideration in figuring sales possibilities because the company is doing

a nice volume in selling gasoline-powered washers to farmers—in spite, we might add, of the popular superstition that the farmers are all insolvent.

A considerable portion of this market is made up of apartment house dwellers, very old persons, and very poor families, who will never be prospects. About 45 per cent of the homes own other makes of washers, divided among 100 different brands.

To date, the Wilson company has sold 7,800 Maytags, which would represent about 20 per cent of all the homes in the territory. Their sales record for the past four years is:

1929	.....1,249 Maytags
1930	..... 976 "
1931	..... 849 "
1932	.....1,260 "

(Estimate for the year based on 842 machines sold to September 1.)

The Wilson Electric Company home office is in Washington, Pennsylvania; two branches are located in Charleroi and Canonsburg. The organization consists of 24 resalesmen and a district manager, George M. Bookman, Jr.

There is no magic in the company's methods. It's the old story of plenty of canvassing for prospects, plenty of demonstrations, adequate supervision, and constant study of selling technique and problems through sales meetings.

W. S. Montgomery, president of the company, told SALES MANAGEMENT: "As to our sales method, we have only one, and that is the old Canvass-Demonstration-Close method. We have no elaborate file system of prospects but we do keep a record of demonstrations done. There have been dozens of so-called 'short cuts' suggested, tried, and discarded in favor of the basic principle that everyone should recognize: see the people. Our men have long since given up hope of any method except that of hard work, together with a faith that there is business to be had.

"Of course it has been very gratifying to have been able to keep our head above water during these recent trying months, and even to have made some profits. During the past few years conditions have been as bad in our business as they have been in many other places. In fact, Forbes' business maps have shown this county as 'black' continuously for several years. We are largely dependent on bituminous coal mines, some steel and glass, and the farmer. Eight out of our twenty banks have failed within the past two years.

"Mr. Bookman is in a large measure responsible for the success we have had. He has all of those quali-

ties necessary for a good field man: ability to hire good men, train them, and keep them satisfied during those barren times that all commission men have. He can close many of the tough sales where the men fail, which increases their respect for and loyalty to him. He works hard from twelve to fifteen hours a day, most of the time in the field and not in a swivel chair. He is given a very free rein in matters concerning sales, partly because he has justified it, and partly because I have always felt that it is impossible to hold a man in such a position responsible for results if his instructions are too detailed."

During the past year Mr. Montgomery inaugurated a profit-sharing plan, giving the men 25 per cent of all profit made—each man's share being based on the volume of business

every two weeks in the Wilson organization. The men take turns at leading the meetings and several of them are appointed to say a few words on some selling subject of their own choice. "This makes them feel a part of the meeting and helps to maintain a pleasant atmosphere," was Mr. Montgomery's comment.

"The brightest thing we have is our future," declares aggressive Mr. Montgomery. "Our organization is stronger than ever before. Each man has been strengthened by fighting against the odds before him. The weak and inefficient have been weeded out. It takes years to build an organization such as ours, but when prosperity does return we will have reaped a golden harvest long before any competition can assemble more than a nucleus of a sales organization."



(Above) George M. Bookman, Jr., Wilson's district manager, who "has all of those qualities necessary for a good field man. . . .

(Right) The home office, between its two branches, in a depression-ridden county. . . .

(Below) W. S. Montgomery, president, whose firm has made money in 1932—and shared it with employees!



he does during a six months' period. From the men are chosen four "directors" who have access to the books and who are shown the profit and loss statement at the end of each month.

"These men," Mr. Montgomery says, "have pride in their positions, and they take a genuine interest in the company's welfare. The results have been very gratifying. Sales have increased, collections are better, service is easier to take care of, and our expenses have been lowered materially. For example, the expense that the men most nearly control is that of truck operation. Most of them have always been quite careful, but the saving on this item for this year will be well into the thousands of dollars."

Sales meetings are held regularly



☞ Employer Teagle:
" . . . quote the current ratio of employed to unemployed on the Big Board."



☞ Teacher Donham:
"We must devise artificial ways of introducing new purchasing power."



☞ Retailer Knauth:
" . . . \$234 seems to be about as favorable as \$189 . . . \$99 still looks to the public very much like \$100."

Executives, at Boston, Contrive to Repair Economic Machine

OUR economic shortcomings—both from the standpoint of high costs and reduced sales and profit productivity—were gone over thoroughly by economists, executives and editors at the Boston Conference on Retail Distribution, September 19 and 20.

Though the trouble-shooters seemed more concerned with telling what is the matter than with making specific suggestions as to how the difficulties can be overcome, a number of constructive courses were outlined.

Contrary to some opinions, W. H. Lough, president of Trade-Ways, Inc., New York, pointed out that the ratio of distribution costs between 1909 and 1929 "remained almost on a dead-level, between 35 and 36 per cent." On the other hand, while the output per person engaged in manufacturing "increased a full 40 per cent" in this period, the line of efficiency of mercantile employees "shows an almost unbroken uniformity."

"Prices are not so important in attracting the public as has been assumed," said O. W. Knauth, executive vice-president of R. H. Macy & Company, in a paper read at the conference.

"I am convinced that \$99 still looks to the public very much like \$100, and that even \$103 or \$105 still looks about the same as \$100. I discovered in a test that up to 5 per cent over the dollar or ten-dollar price, the basic idea still holds. In some cases sales are unaffected by changes in price of even 10 per cent. . . . In the case of Sarouk rugs, which have been one of the great footfalls of the last year, I note no increase in demand at \$189 over \$219. In fact, \$234 seems to be about as favorable a price as any."

Mr. Knauth quoted Professor Paul H. Nystrom of Columbia University on the size of the various "income" and "comfort" categories to which the people of this country now belong:

Incompetents, tramps, public charges, etc.	From 2,000,000 to 3,000,000
Persons on the Poverty line	About 8,000,000
Those having a bare subsistence	12,000,000
Those having a minimum health and efficiency	20,000,000
Those having a minimum of comfort	30,000,000
Those having comfort	20,000,000
The moderately well-to-do	15,000,000
The well-to-do	10,000,000
Those having a liberal income	2,000,000

"From this it follows," Mr. Knauth explained, "that about one-fourth of our population are outside of any commercial calculations. About half are in the range where only necessities count, and about one-fourth are among those having more or less surplus for more or less extra demands."

The twofold problem of measuring and extending present demand was analyzed by various speakers—the theme of the conference being "Fundamental Economic Changes in Distribution and Interpretation of Consumer Demand."

What, therefore, asked Loring Schuler, editor of the *Ladies' Home Journal*, "does the consumer want?"

The woman consumer "wants to be remembered as the keeper of the family purse and the spender of the family income."

"She wants to pay prices that are lower than those of three years ago—but not so low as to eliminate quality."

"Or else—she just will refuse to buy at all, and we shall see a serious revival of futile effort that was made last spring to make shabbiness fashionable and hoarding a virtue."

The economic justification for selling quality merchandise was shown by

F. Eugene Ackerman, vice-president of Julius Forstmann Corporation, woollens, New York. "In the first place the difference between the cost of an article honestly composed of serviceable raw materials and the imitation which apes it superficially, is really slight in terms of selling price, and infinitely less costly in terms of service. In the second place, it was not restricted incomes, nor was it the demand of customers which created the price era. The existing system of price promotion, with its resultant decreases in standards of quality and dollar value, gained its greatest momentum between 1925 and 1929."

Incidentally Mr. Ackerman believed that "all this sound and fury over accelerated style as a stimulant to business (the button on the left shoulder, the pleats down the hip, etc.) has proved a sterile undertaking."

Other costs than those of materials and workmanship may and should be cut by manufacturers in their efforts to maintain and improve quality, several of the speakers said. One of the points which Dr. W. J. Donald, partner of James O. McKinsey & Company, New York, brought out in a discussion of "Trade Association Functions in a Period of Declining Prices," was that "in the last few years dealer advertising allowances have become one of the chief rackets in the world of marketing. . . . The subject is disturbing especially to sales executives of medium sized and smaller companies, who find themselves under pressure to follow a course of action which they cannot afford. . . . General adoption of sound policy in this regard is not likely to come from individual action alone. A meeting of minds within an industry is essential."

Excessive and often "pseudo" engineering services, employed largely as sales baits, also should be taken into account, Donald declared. "Still, for manufacturers of factory equipment and those who provide materials and other facilities, engineering services are becoming more and more a part of the sales program."

Has the development of brands, especially in the last ten years, been in the common economic interest? asked G. M. Gottfried, vice-president of Continental Baking Corporation, New York. "We have made a fetish of brands—nationally advertised brands, famous brands, brands which stood for quality, brands which were instantly recognized as standing for the best in their field. Millions upon millions of dollars were spent by the manufacturers to keep these brand names alive, to keep these branded products good, to make it easy for the retailer to sell

them. . . . Then some retailers became manufacturers or made special deals with manufacturers and went in for private brands. In doing so they either threw the national brands out altogether or hid them under the counters. . . . Was it for the permanent good of the retailer to make it bad for the manufacturer? How was it good? Is it good for the retail business if a manufacturer loses so much of his volume that he has to discharge his workers, who in turn stop buying at retail shops?"

A decline of 40 per cent in the dollar volume of retail sales in the last three years was noted by L. D. H. Weld, director of research of McCann-Erickson, Inc., advertising agency. The volume of 50 billion dollars found by the Census of Distribution for 1929 declined to 37 billion dollars last year and even including a pickup in business this fall, probably will not amount to more than 30 billion in 1932.

The methods being employed by the Share-the-Work Movement of the Federal Reserve banking and industrial committees to increase employment, and thereby business, were outlined by its chairman, Walter C. Teagle, erstwhile president of the Standard Oil Company (New Jersey). "Along with

N. Y. Department Stores Report Better Business

A "distinct improvement" in department store sales in the New York metropolitan area has been reported by the Federal Reserve Bank of New York for the first half of September.

The dollar volume in this period was 16.9 per cent less than in the corresponding period of 1931, as against a decline of 22 per cent in the first half of August.

Sales increases of from 18 to 300 per cent were made by New York department stores on Saturday, September 10, over the same date of last year. The fact that the day was unseasonably cold, and people were thinking of fall wraps, is said to have been partly responsible.

The New York Times on Sunday, September 18, carried the largest volume of retail advertising in its history. Though this advertising is not all turned directly into sales, it is said to be a definite indication of returning confidence on the part of the stores in this territory.

commodity and security prices, and wholesale and retail sales figures," Mr. Teagle said, "we must concern ourselves with the index of unemployment. . . . I wish there were some way to quote the current ratio of employed to unemployed on the Big Board of the Stock Exchange, to remind us daily that therein lies our most serious remaining problem." The 10 million now unemployed and the "added millions to whose support they contribute," he continued, "represent perhaps a fifth of our total population. . . ."

"We can go ahead at a reasonably rapid rate only if we can and will find a way quickly to restore national spending power.

"The Federal Government cannot do this. State governments cannot do it. Nor can municipalities. And obviously the unemployed cannot do it.

"It can be done quickly only by two factors in the situation: the employers who today have work to be done; and the men and women who are working for them."

Mr. Teagle suggested the following methods:

1. To check the upward trend of unemployment, when work is reduced for seasonal or other reasons, by employing the greatest possible number of workers, thus avoiding adding to unemployment.

2. To decrease unemployment by a wider spreading of work now available among a larger group of employees working shorter periods rather than by employing a smaller group working longer periods.

3. Whenever an increasing volume of business permits employing additional personnel, to do so by distributing the increased work to the greatest possible number rather than by working longer schedules.

The "critical question," as Wallace B. Donham, dean of Harvard's Graduate School of Business Administration, sees it, "is whether our credit attack on the depression will restore buyers to American industry. I do not believe there is enough resiliency left, after the progressive destruction of values for two and three-quarter years, to straighten us out. . . . The key to depressions lies with consumers. . . . If we are to continue without planning, we need a succession of new products like the automobile, desired by millions of men and requiring large amounts of labor both in building new factories and machinery and in making the products.

"Unfortunately we already possess reasonably good devices to satisfy all realized material wants. The last ten years have brought to market nothing which requires even a substantial frac-

(Continued on page 295)



As if it were not bad enough to be deaf, there was a time when the manufacturers of hearing aids added insult to injury by requiring the deaf to go among their fellows tricked out with mechanical trappings like this. When they began to recognize that personal pride was a selling factor, they designed (See next page)



Designing to Sell

[Subscribers are invited to consult with the editors of SALES MANAGEMENT on their own design problems, sources of design information and styling services.—THE EDITORS.]

BY

R. S. McFADDEN

WE'RE constantly running in-to yarns about some bright new package that boosted sales overnight—oh, say, 3,000 per cent, more or less. To be sure, many of them are true (if you read them in S. M. they are!), but they beg the question of the commercial value of good design *over a long period of time*. As a matter of fact, there are available relatively little reliable data on the sales value of sincere and consistent industrial design right through the business cycle of normalcy, prosperity and depression. The reason, of course, is that industry has only begun to recognize the investment value of design during the last decade, so there is no large accumulation of case histories.

The product design experience of the Acousticon Division of the Dictograph Products Company, manufacturers of the Acousticon, a scientific electrical hearing aid for the deaf since 1903, is perhaps an extreme, but nevertheless an authentic, example of how bad product appearance can help to steep a business in bad repute, and how good design contributes to lifting it into a position of respect and financial soundness.

Design was introduced into the Acousticon business six years ago, after it had been lumbering along for almost a quarter of a century under the stigma of a "shyster" game; it had the odor of the patent medicine ballyhooer, the quack remedy. In other words, the manufacture of hearing devices was beyond the pale of reputable business.

After six years of orderly operation and intelligent management Acousticon has imparted to the whole industry a dignity and a reputation which has invited into the ring such big-time competition as Western Electric in the United States, and Siemens and Halske, the G. E. of Germany. In the face of bigger and better competition than ever before, and practically without benefit of patent protection, Acousticon now controls better than 50 per cent of the industry.

Lest we give our pet hobby, product design, more than its just share of the credit for the habilitation of the business of manufacturing otological instruments, it must be explained that the redesign of the product was undertaken as only one, but the first logical step in a general reorganization of the

sales department of the Acousticon Division in 1926.

For more than a year the company had been losing money. The owner was satisfied that something must be done to plug the drain on the tiller but, after operating in a single groove for twenty-three years, found himself incapable of revising his tactics to meet the emergency.

An executive of his advertising agency, Lennen & Mitchell, was apprised of the situation. Stanley Nowak was the man who later became a convert to the cause of the Acousticon, after having bluntly expressed his skepticism on the merit of the instrument.

"Now we're willing to be told honestly what's wrong with what we're doing. If you have any ideas, let's have them." Mr. Nowak made his typically thorough survey of the business, and presented facts to the owner.

It was not only honest, but brutal. "There's only one thing right about your business—that's the technical development of the Acousticon. But I must confess that, while I am as well informed as most, it was a discovery to me to find that the Acousticon was not a fraud.

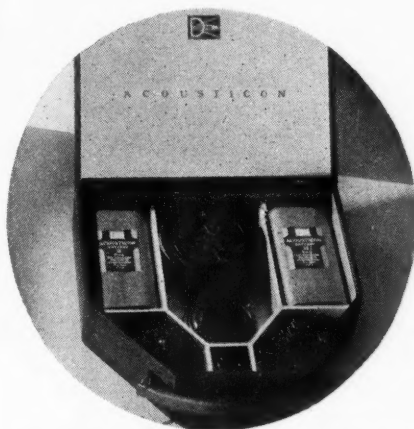
"Why has a perfectly meritorious device been surrounded by prejudice?

"First because it looks terrible. It's kind to the ears, but hard on the eyes. It's cumbersome, ugly. And any per-

son with a grain of personal pride would shrink from wearing a device that's plastered with the name of the manufacturer and a lot of patent numbers, screws, bolts, etc.

"The biggest source of sales resistance you have is personal pride, and in ignoring it you're setting up your own obstacles. Of all the flaws in the division, I should say that the appearance of the product is the gravest one.

"In the second place, it's a scientific instrument being handled in the most unscientific way. Business methods should reflect the precision of the instrument. There is no standardization of methods, no price control. Acousticons can be bought for one price in one outlet, and for twenty



This, the first step in the design evolution of the Acousticon. Did the deaf appreciate the improvement in appearance? The tune to which they responded is given in actual sales and profit figures in the text of the accompanying story.

dollars less in another. That's enough to give the reputation of any business a black eye. Standardize price.

"The selling machinery rattles. The mail order and retail departments should be divorced. The proportions of mail order, retail and wholesale business should be shifted. Now, with mail order constituting 60 per cent of the business, you are unable to guarantee to the user ultimate satisfaction in the use of the instrument. Demonstration at the point of purchase is highly desirable in any mechanical instrument. Of course, there always will be a large percentage of mail order business, geography being what it is, and the market being so limited, but the number of retail outlets should be increased so that you can exercise a greater control over the purchaser. Optometrists should be secured to handle the sale of Acousticons. They should be carefully trained to demonstrate to the purchaser how to

get the most help out of the device. Etc., etc."

The owner threw up his hands.

"Come on in and take charge. We'll give you *carte blanche*, and a year in which to show what you can do."

A year's contract, giving Nowak almost unlimited freedom of action, was signed, and a sinking fund put at the disposal of the new vice-president and general manager of the Acousticon Division.

Literally and figuratively, housecleaning was the order of the day. In headquarters and branch offices throughout the country the dusty lares and penates of a business generation were swept out. Order replaced chaos, system took the place of carelessness, policy usurped vacillation. In the first week of his tenure Mr. Nowak looked about for a suitable industrial designer. He could not afford to make a mistake in his selection, for there was the year's time limit to consider, and his own business reputation at stake. He realized keenly through his sponsorship in the agency business that this whole structure of industrial design was still in the era of experimentation, and that there was a lot of room for mistakes. He was in no position to fool with the trial and error method of design. He must find a designer who had had enough experience already to have made his mistakes, and to have a reasonable knowledge of what would work. He discussed the problem with

Joseph Sinel, one of the first artists to enter the industrial product field. "Here's a 'lion in an ass's skin.' It's an excellent mechanism, Sinel, but its physical appearance is against it. What would you suggest?"

Mr. Sinel suggested that he would do nothing extreme or elaborate in his design, that their aim should be to make it as inconspicuous and in as good taste as possible for a mechanical instrument. Something simple and rational. Mr. Nowak agreed—he wanted a design that would jar the fewest, and take into sympathetic consideration the sensibilities of the deaf.

Mr. Sinel set about the work at once. It required consultation with the engineering department, the technicians, a study of production restrictions. Eventually an acceptable design was arrived at and put through production.

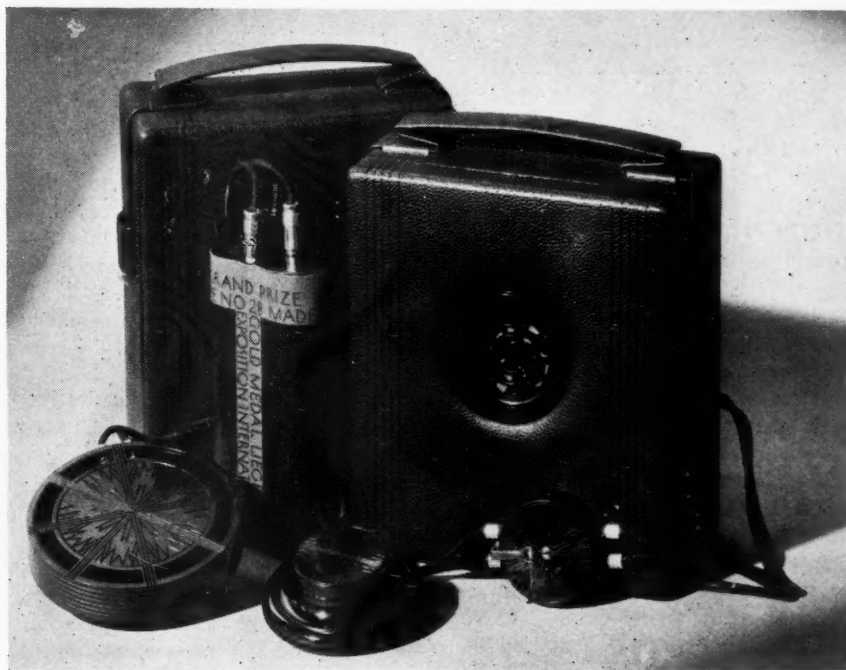
Seven months of Mr. Nowak's year of probation had come and gone. Almost a hundred thousand dollars had been spent for new dies, forms, tools, designer's services, literature, etc. No results to show for it.

The management was restive. "Remember the sinking fund."

They remembered it. "We're sunk, all right. This fellow Nowak will ruin the firm."

Seven months gone. Five months to go.

Eight months after the reconstruction period was inaugurated the first new models of Acousticon were put out on the market. The sale of the



The third, and present, model of Acousticon, designed by Joseph Sinel. Gone are the manufacturer's name, the patent numbers, bolts and screws. In their place has appeared a simple, inconspicuous design which has reduced the buying defenses of the deaf to a minimum.

new models in the next four months until the close of the year enabled the Acousticon Division to wipe out the losses of the first eight months (which had been in the same proportion as the deficit the year before), and to show a small margin of profit. Nor was that four months sales response a "flash in the pan."

In the three years preceding the reconstruction year of 1926, which Mr. Nowak is pleased to call "the year of consumer engineering," the Acousticon Division had done a gross yearly average of \$656,000 worth of business.

The gross annual average of business in the four-year period since "consumer engineering" has been \$964,000, with a high peak of \$1,252,000 for one year.

Now we've been talking "gross." As for net profits, they have been fifty times greater since 1926 than they were before that year of struggle and reform—that in spite of the fact that prices on the instruments have been reduced.

"Now I do not contend that the redesign of the Acousticon did the entire job of putting us on our feet," says Mr. Nowak.

"But I know definitely that if we had conscientiously revamped the entire machinery of selling, and had left our product unsightly and objectionable, we could not have accomplished what we have. We would have increased selling offensive, but would have had as much sales resistance as before.

"In many products, among which is Acousticon, design is not calculated to stimulate the desire to possess, but to reduce buying defenses to a minimum.

"As was true with our own product, I see many other manufacturers turning out things that are engineeringly perfect, but housed in cases that look flimsy, cheap, and defeat themselves.

"While we dignified our business methods, Mr. Sinel dignified our product. It has prestige now, a professional character that tells the truth about the quality of its function. It's a subtle thing, but of incalculable importance in a business like ours.

"We've learned another thing through our design activities during these six years which had never been recognized before. That is, that the sale of even a product like the Acousticon, which is built to last a life-time, is amenable to a certain amount of repeat business through redesign. Obviously, it is not susceptible to the influences of fashion to any such degree as are a great many other products, but even here change and improvement are desirable.

"For the consideration of those per-

sons who can afford only a single outlay for hearing equipment, Mr. Sinel has given its physical appearance as much permanence in design as the mechanism possesses. But there are a large number of customers who are constantly seeking the new, the fresh, the latest. For the satisfaction of this group we have decided upon a three-year cycle of design change. In our business a new model every three years seems to satisfy the demand for change, and to justify the cost of re-

You Wouldn't Buy It Yourself!

Are you manufacturing and trying to sell a product suffering from popular prejudice? Perhaps its physical appearance is against it. Is there more sales resistance than you'd like against your scientific instruments? Remember the workman's pride in his tools. Read here how the Acousticon Division of the Dictograph Products Company solved the problem of customer prejudice and raised its prestige and profits by redesigning its product and putting its sales machinery in order.

design from the standpoint of sales returns. The timing of model changes is an important problem, and differs according to the product. Experience might teach us that a change every two years or every four years is more feasible, but so far we have found three years to be satisfactory all around.

"Besides the direct, immediate effect of redesign on the salability of the Acousticon, we found that Mr. Sinel's work had by-product results that hadn't been anticipated. By focusing the attention of the production staff on the design of the product, it changed the mental attitude of the engineers and technicians. When change was never contemplated, they had fallen into a habit of thinking about the product that precluded improvement.

"When things were stirred up, everybody advanced suggestions for engineering improvements, for simplifying operations, for lowering production costs. Now we do everything to encourage initiative. We ask for, and constantly receive, suggestions for more intelligent, economical operation.

"And along the sales front, the stimulus which the good-looking

Acousticon provided to sales aggression was phenomenal.

"In fact, all along the line, the influence of a better product to manufacture and to sell made itself felt in terms of greater cooperation and achievement.

"In the beginning I had criticized the proportions of 60 per cent mail order business, 25 per cent retail, and 15 per cent wholesale. Up to this time we have succeeded in diverting the channels of distribution so that our business is now 40 per cent mail order, 35 per cent retail and 25 per cent wholesale. We hope steadily to increase the share of the business handled by our own retail stores and offices, by agents in this country and abroad, so that consumers all over the world will be assured of lasting satisfaction in the use of the instruments.

"Now, after six years of dealing with 'art in industry,' I have arrived at certain conclusions about its place in business.

"That hundred thousand dollar expenditure in the first year of Acousticon's experiment with design notwithstanding—I know it pays.

"I believe that the initiative for design improvement should come from the sales department. It's the business of the sales department. As we've found in our own case, the redesign of the Acousticon, the packages, even down to the tissue paper in which the instruments are nested—all were factors in reducing sales resistance and in inducing consumer acceptance of the product.

"Of course, every sales manager does not have the advantage of an ironbound contractual agreement with which to carry out his own ideas. Also there is no guarantee that sales are going to increase. If the sales and advertising structure is weak the sale of the finest product will suffer. However, it is inevitable that if every member of the board, the officers and executives, all have to have a finger in the design pie, and then it flops, the one who brought the question up in the first place will still have the onus when blame is fastened. So I'm all for getting hold of the best possible designer, and after a fair exchange of suggestion and opinion between the engineering, the sales department and the designer, letting him carry out the work with a minimum of interference.

"If I were now in the position of having to sell any management on authorizing the expenditure for a designer's services, I should try to justify it to them in this wise:

"I should not promise spectacular sales effects. It's more than likely that

(Continued on page 291)

49%

of the letters from prospects asked "WHO IS YOUR LOCAL DEALER?"



"Where to Buy It" Service answers such letters *before they are written*

Recently a well-known manufacturer checked his consumer correspondence file. He found that 49% of all consumer letters asked this question: "Who is your local dealer?"

Unless you are a "Where to Buy It" user, your own correspondence file probably tells the same story.

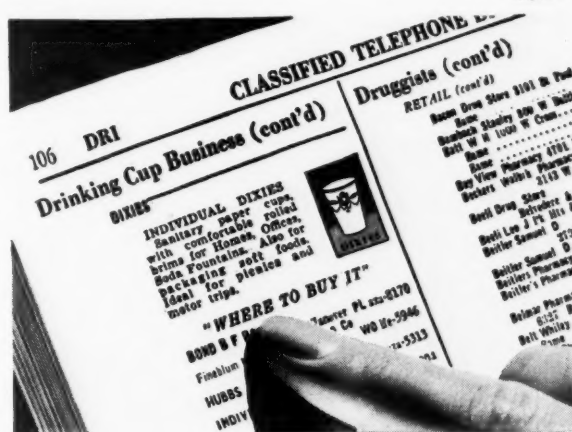
Direct prospects to your authorized local dealers . . . surely . . . simply . . . economically . . . through the "Where to Buy It" pages of the classified telephone books! List local dealers—names, addresses and telephone numbers—under your own trade name in classified telephone books wherever you have distribution.

Thus you make results from your advertising more certain . . . minimize substitution at the point of sale.

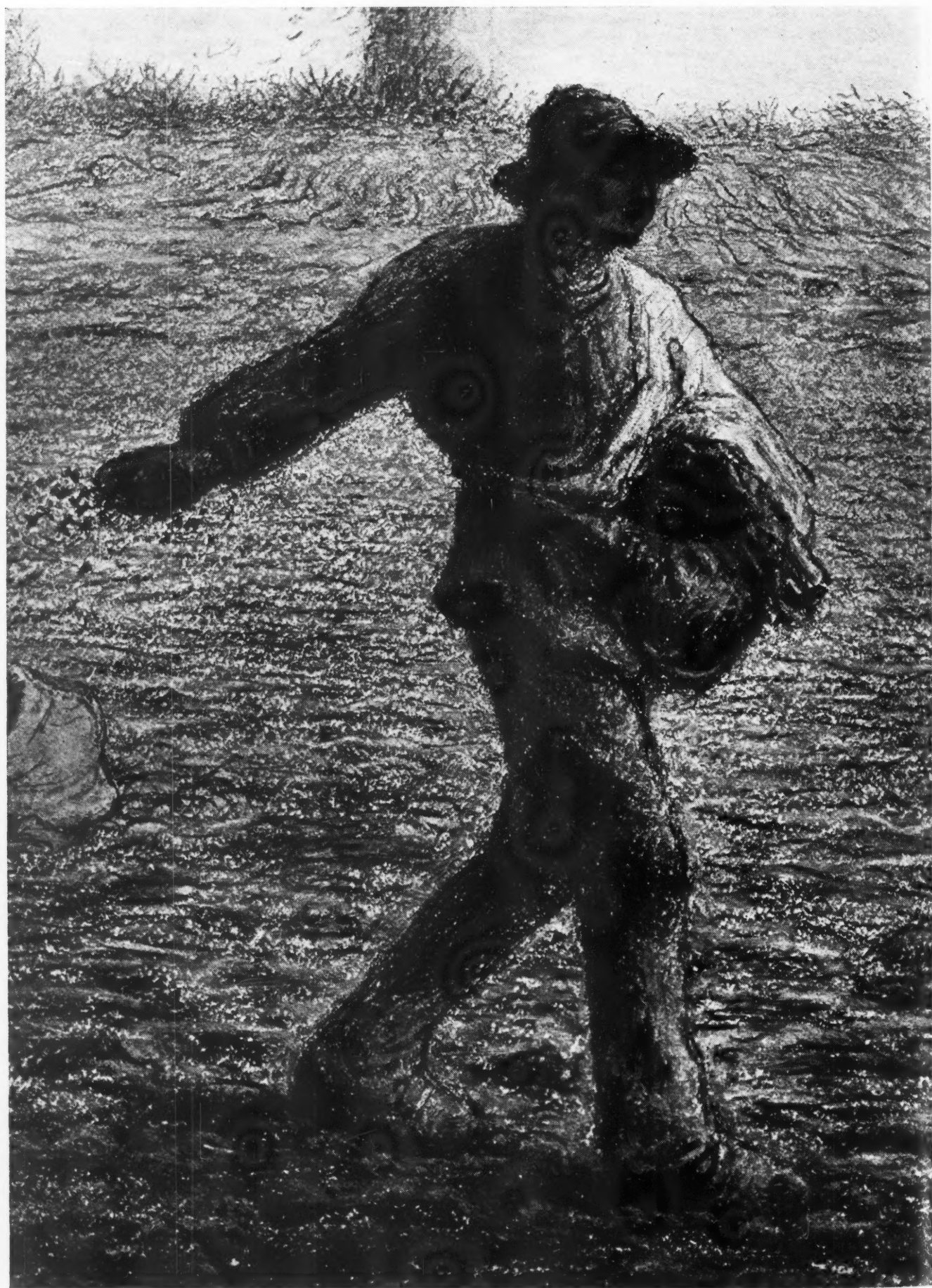
Buick, Mimeograph, Toledo Scales, Accurate Metal Weatherstrip are a few of the nationally-known users of "Where to Buy It" service.

Ask your advertising or sales counsel for full infor-

mation. Or write or telephone: Trade Mark Service Manager, American Telephone & Telegraph Company, 195 Broadway, New York (EXchange 3-9800)—or 208 W. Washington Street, Chicago (OFFicial 9300).



Typical "WHERE TO BUY IT" listing . . . it makes dealers easier to find



MILLET'S "THE SOWER"—FROM A PHOTOGRAPH BY BRAUN & CIE

Behold, a sower went forth to sow

Some seeds fell by the wayside . . . some fell upon stony places where they had not much earth . . . some fell among thorns—but others fell into good ground and brought forth fruit, some an hundredfold.

Men who guide large enterprises this year are giving time to *details*. They are resuming authority which in easy years was largely delegated.

Advertising—on which depend sales, profits, dividends, employment—is important enough to engage the time of the president, chairman, director, sales manager—as well as the advertising department.

Capable executives know the wisdom of *concentrating* sales effort on Grade A outlets and Grade A territories . . . of choosing those newspapers which deliver circulation *concentrated* in Grade A cities and Grade A territories.

Waste circulation . . . ghost circulation . . . scattered circulation . . . inflated circulation . . . must be avoided. Not one dollar should be sown by the wayside . . . or in stony places or among thorns.

Scripps-Howard says "Concentrate Your Advertising Where Sales Can Be Made At Greatest Profit."

SCRIPPS · HOWARD

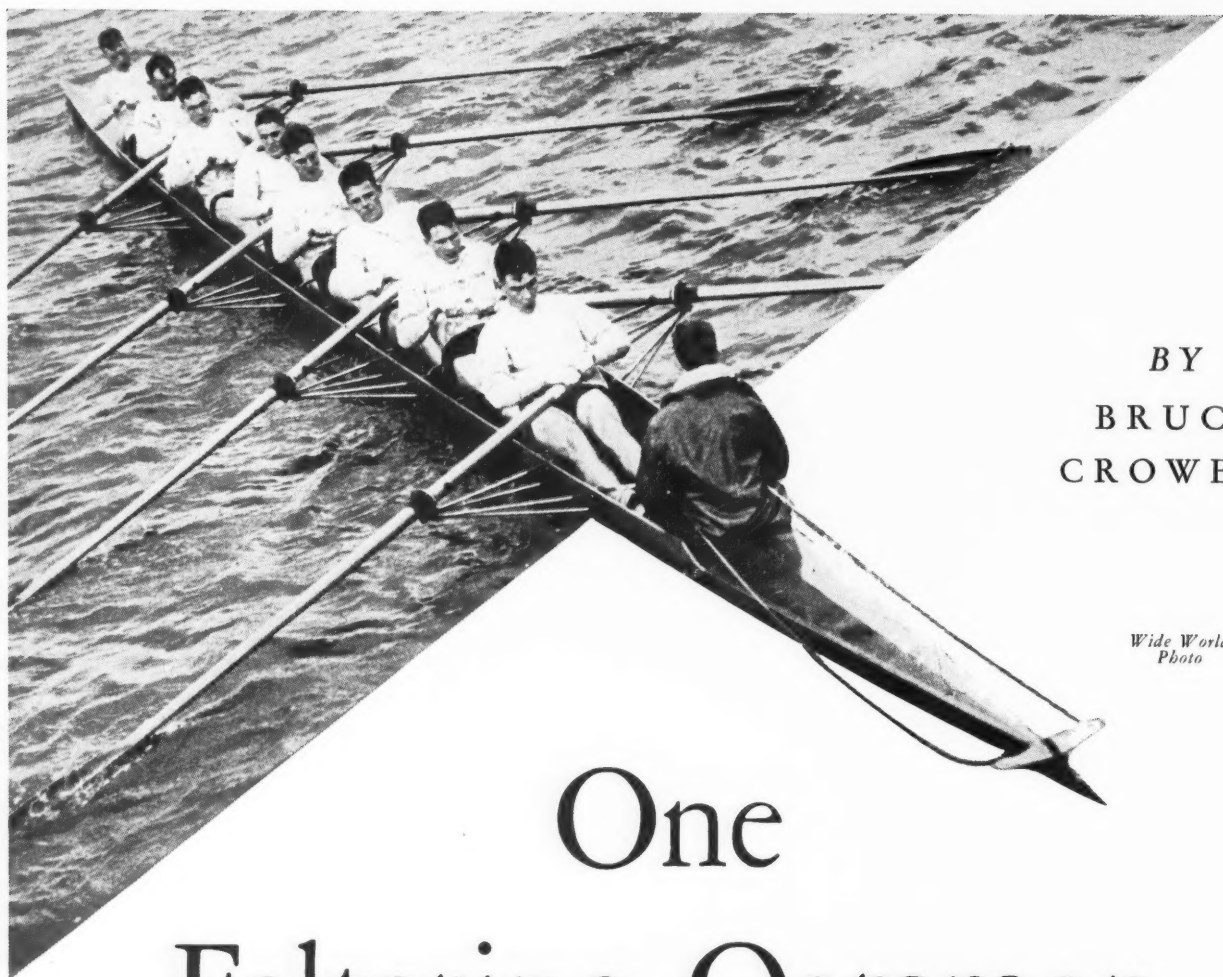
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BY
BRUCE
CROWELL

Wide World
Photo

One Faltering Oarsman Can Lose a Race

A RESEARCH man was recently retained by the president of a large drug company to carry out a retail survey. After having given the assignment, the president took the research expert to his board room and introduced him to twelve executives of the sales and advertising departments. "Here is Mr. Blank," the president said. "He is to do a survey for us. Please give him all the help you can." . . . The research man felt sure he would have opposition from these men, because the arrangements had been made without their knowledge or consent, and because that's the logical attitude for men to take in a project which might easily develop facts that would show up their own weaknesses as executives. . . . But things did not turn out that way. The most cordial cooperation was extended to the research man on every hand, and the survey was carried out greatly to the company's advantage. Later, when Mr. Blank came to know the company and its officers on a more intimate basis, he expressed surprise that he had met such a fine spirit from the various officers under the existent circumstances. One of them explained. He said: "We have one policy in this organization which is rigidly adhered to.

So long as we honestly disagree with our president on any proposed course of action we will indulge in whatever argument and discussion seems necessary—up until the time a final decision has been made. After such a decision, no matter what has been the attitude of each individual, everybody pitches in and gets behind the project with all his energy and enthusiasm. The time for talk is past. Our combined efforts are needed if the ideas are to be converted into profit. Half-hearted teamwork, or lack of teamwork by officers who have had no part in the planning of an enterprise, is often responsible for an indifferent success, whereas a fine *esprit de corps* would have meant the difference between mediocrity and excellence." . . . Internal contention among officers, "politics," pettinesses and jealousies are costing companies hundreds of thousands of dollars yearly. Individual selfishnesses are not subordinated to company welfare. . . . The corporation about which I have written is a leader in its industry, respected and patronized by millions. The teamwork of its leaders is a salient factor in its success. These men know that one faltering oarsman can lose a race.

Reprints of this page are available at two cents each, cash or stamps with order.

All Sales Records Broken As 156 New Accounts Swell Orders

EXPERIENCED in the results possible through Chicago American co-operation, a large baking company turned again to Chicago's first evening newspaper when it determined on a drive for new accounts in this market. Largely through Chicago American staff work 156 new accounts were soon added . . . all sales records of this company were shattered . . .

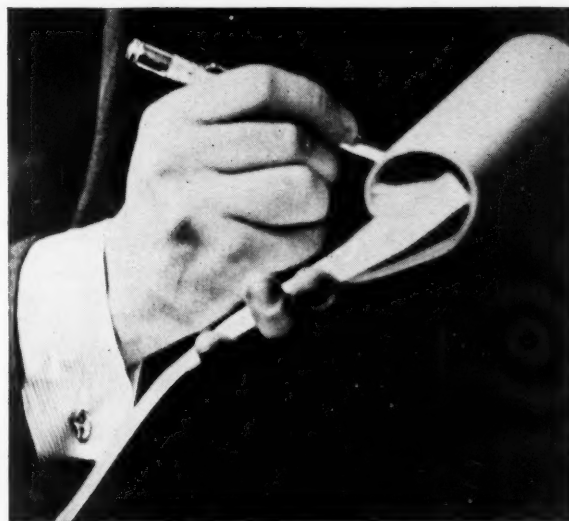
• • •

The Chicago American heads its field in circulation, has 93.2% of its readers within the limits of the real Chicago market, is exceptionally skilled in the mechanics of maximum selling in that market. To advertisers it offers not only a wider channel into the rich heart of the nation's second biggest market, but

also the fruit of a rich experience in current selling in that market.

To these there is added a notable fund of new, live useable facts about both sellers and buyers in that market, plus unstinted co-operation with advertisers in the profitable employment of those facts in stimulating sales, simplifying distribution, lowering costs.

Advertisers who are awake to their present sales problems, to their difference from those which confronted them but a year ago, to the importance and the economy of concentrating on concentrated markets—those advertisers will find the Chicago American a very real help in conducting profitable sales operations in Chicago.



CHICAGO AMERICAN

a good newspaper now in its TWELFTH YEAR
of circulation leadership in Chicago's evening field

National Representatives:

RODNEY E. BOONE ORGANIZATION

Know-What-You're-Getting Plan Rejuvenates Warner "Dealers"

WARNER Brothers Pictures, Inc., recently put over a nation-wide, super-sampling program, intended to take much of the gamble out of exhibitors' annual contracts.

As a result, 50 per cent as many contracts were signed in the one week of August 22 as were accomplished "regularly" in the previous two months. Probably it did more to improve exhibitor morale than any other event in the last three years. Though detailed figures are not forthcoming, Warner executives state that a number of the nation's 4,000 dark movie houses have decided to reopen. They hope to have all the principal producers behind the plan next year.

Meanwhile plans were announced this week by Major Albert W. Warner, vice-president in charge of sales, for a second National Exhibit of fifteen features in January or February. The idea probably will be developed into a "continuous" sampling program.

The "sampling" was intended to encourage exhibitors to sign by permitting them, for the first time in movie history, to see pretty well what they were signing for. It was accomplished by enabling some 15,000 prospective exhibitors and a lot of their friends (including governors, mayors and other local potentates) to get previews of a dozen of the company's feature pictures for the coming year, as well as of a number of short subjects. These pictures, on which the production department has been working in anticipation of this Warner Brothers' National Exhibit for the last six months, represented about the first three months of the supply for the exhibitors' year. They were a generous, and probably an accurate, sample.

To understand how completely the company cast tradition to the winds in this program, it should be emphasized that, heretofore, the most that a producer would do to get the names of prospective dealers on the dotted line was to mention the names of the stars contracted for, the number of pictures each would make during the year, a few of the titles, and to capitalize as best he could on his own name and reputation, be they good, bad or indifferent. Selling was done from manual. The producer sold, the exhibitor bought, nothing tangible. It was as if a motor car or radio maker were to

try to get dealers merely by showing them blueprints of models, and pretty vague blueprints at that.

This year, however, Warner Brothers was able to show a picture for each star in its firmament, and to give a clear indication of what the year's movie modes would probably be. Some of these pictures will not appear in the theatres until December, but the exhibitors believe they know already how their customers are going to react to them.

One reason this plan has not been

he knew about these twelve and he had greater assurance of the succeeding 48 or so which compose his exhibiting year and which determine, more than anything else, whether he is prosperous or busted.

The plan was put over to the exhibitor prospects by Gradwell Sears, western, and Andy Smith, eastern sales manager—with the help of I. Charles Einfeld, publicity director. Warner's reputation and size had something to do with its success. The company serves some 7,000 independent thea-

BY

LAWRENCE M.
HUGHES

Warner's exhibit became a motion picture "state fair" in 35 cities. Only the elect could attend, but the general public was made to know that something special was doing.



put into effect before is the cost involved. Though several of the movie concerns are now well up in the ranks of Big Business, the receipts from one picture, in a sense, are still used to finance the production of the next. This year, however, Warner arranged to complete a dozen features—at an average cost of \$300,000 apiece—before the start of the selling season. It was costly—but it provided more definite assurance of uniform quality. And because of this Warner was able to boost rental costs a bit. Whether an exhibitor paid \$7.50 or \$1,000 a day,

tres and operates about 700 of its own. Among its stars are John Barrymore and George Arliss. Among the "sure-fire box office smashes" that were sampled (we quote Mr. Einfeld) were "Doctor X," "Crooner," "Life Begins," "Blessed Event," "Son of Russia," "They Call It Sin," and "Cabin in the Cotton." These represented pretty well the company's 1932-3 "line"—social problems, melodrama, light comedy and whatever.

Through trade papers, direct mail and newspaper publicity the event was

(Continued on page 293)

*Two surveys of business activities
agree that INDIANAPOLIS is a*

Good Market NOW



The relative level of department store trade in Indianapolis for the first 7 months of this year was 18% above the district average, according to the Seventh Federal Reserve District report on business conditions for August 31.

General business activity in Indianapolis during May, June and July . . . as reflected by bank debits . . . was 25% above the U. S. average, according to a survey made by Sales Management and reported in its issue of September 1.

Steadier business conditions and the opportunity to cover the market thoroughly for only one economical advertising cost with The News make the Indianapolis Radius decidedly worth aggressive sales effort NOW.



**THE
INDIANAPOLIS NEWS**

New York: DAN A. CARROLL, 110 East 42nd Street

Chicago: J. E. LUTZ, Lake Michigan Building

A Retailer Begs Manufacturers to Show Him How to "Trade up"

ATACHED to the orders which Block & Kuhl Company, department store of Peoria, Illinois, now sends to its suppliers, there is a little slip entitled "A Plea to Our Resources."

"What can you say about your product that will be of real help to our salespeople in promoting it?" asks Block & Kuhl. The store requests the supplier to mention the best selling points of his products, to include mats and literature available, and to tell which items are being "extensively re-ordered."

Especially, Block & Kuhl urges the manufacturers to "help us to sell better merchandise by pointing out what constitutes differences in quality. Where possible, give us the exact specifications and trade names of materials used."

SALES MANAGEMENT invited C. C. Block, president of Block & Kuhl, to describe the inception and development of its "sell quality program." Said he:

"During recent years a good deal of distress merchandise which was honestly made has been thrown on the market. Retailers were in a position to offer many dependable products at less than it cost to make them. The public's ideas of values became demoralized. Naturally the supply of such merchandise was limited, but the demand for bargains was so strong that many manufacturers cut corners, cheapening the quality of workmanship in order to offer merchandise on abnormal price levels.

"We realized at an early date that this practice would be ruinous to the manufacturer as well as the retailer, and have for more than a year told our own people and the resources with whom we do business that it was simply sowing seeds of mistrust and discontent to sell merchandise which was not honestly made.

"This is no new discovery on our part. More than fifty years ago it was a foundation stone in the policy of this business; but every day of our lives we are tempted to depart just a little from standards built up through many years of effort.

"We know that every customer who crosses our threshold cannot afford to buy the most expensive merchandise,

but regardless of what she pays, we have no right to pass out trash. We tell our salespeople that a customer has a right to know what increased satisfaction she will enjoy if she can buy a little better merchandise than

A Plea to Our Resources

What can you say about your product that will be a real help to our salespeople in promoting it?

Please include with all merchandise shipped us a statement of its best selling points. Send copy of this to our Advertising Office. We shall both profit by this procedure. Write us occasionally, stating which of your items are being extensively reordered, and in what quantities.

If other stores are selling a lot of any special number, perhaps we can do the same if you tell us how to exploit it successfully.

Please include any cuts, mats, literature, etc., which may be available.

Manufacturers and wholesalers should do everything in their power to inaugurate and back a trading-up campaign throughout the country. Cheap merchandise is going to demoralize retail business unless something constructive is done to overcome the present tendency to trade down.

Help us to sell better merchandise by pointing out what constitutes differences in quality. Where possible, give us the exact specifications and trade names of materials used.

Wherever possible, put up merchandise so that it can be sold in the original wrapper, making sure that it is properly labeled on the outside for number, color, size, etc.

Will you furnish us a publicity allowance to feature your product in our advertisements and window displays?

We strongly approve uniform invoices.

BLOCK & KUHL CO.

she may have contemplated. If she fully understands what she is going to get for the additional expenditure, she is then in a position to elect which quality she wishes to buy. We are certainly doing the customer an injustice if we do not make the difference plain.

"The response we have had from reputable manufacturers proves beyond

a doubt that they regard the temptation to cheapen their merchandise in quality as a most serious pitfall, and, in the main, it has awakened a very responsive chord in the manufacturer who takes pride in his product.

"Many manufacturers have spent a lifetime trying to build goodness into their product, and this doesn't always show on the surface.

"They realize now they should not abandon their ideals, but rather place the retailer in a position where he can demonstrate the merits of his merchandise in the confident belief that when the consumer understands quality she will appreciate it, and pay a fair price for it."

Trade Commission Finds "Enormous Increase" in Chain Brand Sales

Two hundred and seventy-six chain store systems sold more than \$750,000,000 worth of merchandise under their private labels in 1930—an "enormous increase" in the dollar volume in these brands since 1925, the Federal Trade Commission reported to the Senate this week.

"In addition to this increase in dollar volume," the Commission's report said, "there has also been some increase in the proportion of the sales of private brand merchandise to total sales" of these chains.

"Although the gross profit on chain store brands was equal to or higher than that on competing standard brands, according to a majority of the reporting chains, the retail prices of private brands generally were the same or lower than those of competing standard brands.

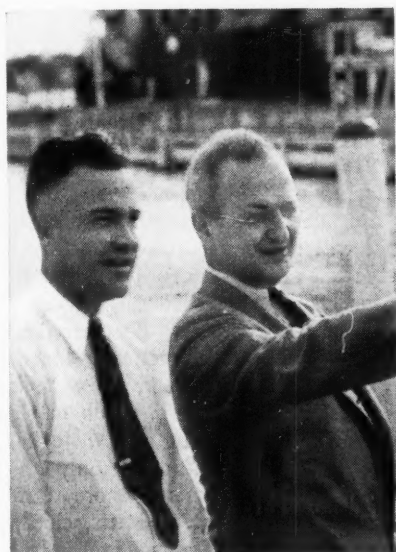
"The trend of private brand business appears to be definitely upward in grocery and meat chain systems (excluding A. & P. and Kroger), drugs, women's shoes, and men's and women's shoes. It also was clearly upward from 1928 to 1930 in straight grocery and department store chains."

Three hundred and fifty-one chains, or more than one-fourth of the 1,247 which furnished information regarding private brands in 1931, owned private brands.

Distributors Get Assembling Job in Republic Refrigerator Plan

A policy of lower costs by decentralization of assembling and manufacture—with licensed distributors making the assembling profit—recently adopted by the Republic Refrigerator Company, Detroit, is now "attracting merchandisers of the highest type all over the United States," William Pace, executive vice-president, informs this magazine.

Mr. Pace and Max Rothenberg, president, are owners of the company, which has done electric refrigeration maintenance work for a number of Detroit local and for national concerns for several years.



The Messrs. Pace and Rothenberg relax a little in their program to help the distributors, and discuss speedboats at Detroit's Grosse Pointe Yacht Club.

"As in the past, all experimental work and purchasing will be done in Detroit," Mr. Pace said. "All distributor shipments will go direct to the distributor's warehouse from the point of origin—no doubling of freight and cartage charges.

"The distributor pays *exactly* the same price for this merchandise as does the Republic Refrigerator Company. Each is given an opportunity to reap a financial reward from his efforts. The plan is similar to that employed by Piggly Wiggly stores and by Coca-Cola. It is sound and proved.

"The product will bear the name Republic and will be advertised nationally—the Republic name being owned exclusively by our company. We shall control the quality of the merchandise assembled into every Re-

public box and no licensee may change this in any manner. After next February 1, \$5 a unit will be placed in a fund for national advertising and sales promotion.

"The advertising done locally within one-half of a state, in the metropolitan and smaller papers, will be entirely under the jurisdiction of the licensed distributor, subject to continuity with the mats and literature furnished by us, which will be the same all over the country. The national copy will be entirely under our jurisdiction.

"The retail price of the product (which will be in the medium price range) will be the same all over the country, except in the extreme West. The distributor, naturally, will have a much wider margin of profit than any manufacturer has ever allowed a distributor.

"From my personal knowledge of seeing hundreds of distributors' books and seeing the red ink therein, I am satisfied that the better class of them, capable of doing a real merchandising job in their sections, need a greater profit. They have borne the brunt of introducing and building up the dealer organizations, and we propose to allow them permanency to enjoy the fruit of their efforts.

"There are certain general policies which, in the granting of a license, they must agree to abide by, but we believe they are for the good of all concerned. We are not going to attempt to market a box on price, but, on the other hand, to build a quality product and distribute it as economically as possible.

"The greatest problem which we have had in this plan was to work out a method of control of our licensees so that it would be fair to them and would not in any manner require too much regulating on our part. Our sole profit in this is a small amount per unit for our services, of which the distributor is aware to the exact penny. We have nothing to conceal from him, and our books are open to him at any time.

"This unique method of distribution was born of necessity. We have expended many thousands of dollars in development work, and, like many concerns, we thought that we could grow first in Detroit and Michigan, absorb that overhead dragging along on this, and come out of it, as many manufacturers have done. However, we decided it was necessary to be able to prorate that overhead cost over an

entire national market, in order to keep our costs in line with the keen competition which there is in this business.

"Our plan is similar to the thirty-five assembling plants which Ford has for assembling and marketing his cars, except that in his case Mr. Ford happens to own them all, and in our case the distributors will own them instead. Had we gone ahead as fast as we could in the regular manner, in order to keep up with the new developments in the mechanical end, before we had sold enough merchandise to pay off our past engineering expenses, we should have been saddled with another, which is constantly going on. So we merely decided to take some partners in with us who are willing to operate *under our jurisdiction*."

Before the days of the acceptance of electric refrigeration, Mr. Rothenberg supplied most of the ice boxes used by the builders of Detroit. Later he sold boxes to Kelvinator, Leonard, Norge and other makers for use with electric refrigeration. He is also president of Fidelity Bankers Investment Company and of Fidelity Home Builders.

Mr. Pace has been a merchandising executive with three or four large corporations—among them Maytag and Williams Oil-O-Matic. He has been connected with Republic for several years.

G. E. Refrigerator Enters \$135 Field

The second member of the "big two" in electric refrigeration has finally decided to enter the low-priced market. Following the example of Frigidaire Corporation (General Motors), which introduced a line ranging from \$130 upward last March and which has just reduced this bottom level to \$112, f.o.b. Dayton (SM September 15), the refrigeration department of General Electric Company, Cleveland, now announces a line to start at \$135.

In addition to price—G. E. refrigerators heretofore have not sold below \$200—the General Electric Junior is unusual in its lack of the Monitor Top, which for five years has been promoted as a distinctive feature of this company's refrigeration models.

A national advertising campaign on the Junior will start in October, said P. B. Zimmerman, manager of the department. The product will carry a one-year guarantee, instead of the four-year guarantee on the regular Monitor Top line, and will be handled by the regular distributor and dealer organization.

Graybar Finds \$40,000,000,000 of Pent-up Consumer Demand

Forty billion dollars worth of latent consumer buying power now exists in the United States, the Graybar Electric Company, New York, estimates from a questionnaire survey of 1,110 of its employes in 73 leading cities.

George E. Cullinan, vice-president, who supervised the survey, believes that this buying power may be "translated into actual orders with the return of public confidence in economic conditions."

A national distributor of electrical merchandise going directly into the home, with its employes representing all classes of wage earners in every section, Mr. Cullinan assumes the answers to be a "truly representative" national criterion.

To determine present consumer needs, Graybar statisticians based their figures not on the actual 30 million families in the country, but only on 18 million.

Largest prospective expenditures are for general housing needs—being about half of the 40-billion-dollar total. Second are automobiles, with indicated demand almost three times the 1931 sales level of 2,500,000 units. Estimated demand for refrigerators of 8,825,000 units leads the electrical equipment field. Next in order in

this group are heating equipment, washing machines, radios and ironing machines.

Furniture ranks first, rugs and floor coverings second in prospective demand for non-electrical home equipment. Musical instruments are now being desired about three and one-half times as zealously as actual sales indicate.

The pent-up demand for women's apparel is about 390 million dollars greater than that for men's, the survey indicates, the respective estimates being \$1,494,000,000 and \$1,104,000,000.

Some of the things which the 1,110 employes will buy—when they can—are listed in the table printed at the end of this story.

Based on these figures, the total deferred demand in the United States, which will be purchased probably within the next two or three years as business conditions improve, includes the following:

	Units
New Homes	3,096,000
Automobiles	6,006,000
Refrigerators	8,838,000
Heating Equipment	1,494,000
Washing Machines	4,986,000
Radios	3,708,000
Ironing Machines	2,900,000

	Units	Percent of all Replies	Value	Approx. Unit Value
New Homes	172	15½	\$1,021,500	\$6,000
Automobiles	367	33	285,885	780
Refrigerators	491	44	85,211	175
Heating Equipment	83	7½	21,700	262
Washing Machines	277	25	20,966	75
Radios	206	18½	14,067	70
Ironing Machines	155	14	13,192	85

Tire No. 200,000,000 Feted by Goodyear

It took 25 years for Goodyear Tire & Rubber Company to build its first 100,000,000 tires, but, with the help of the mail order houses, only five to build the second.

Number 200,000,000, incidentally, is about the 25,000,000th built by Goodyear under its six-hour day plan, inaugurated in October, 1930, to maintain in employment some 3,000 workers who might otherwise have been released.

Stacked, the entire Goodyear output would reach 14,100 miles into the sky; laid tangent to each other, they would circle the earth four times.

Hercules Sales Force Learns How to Blast

Up-to-date information on how and when to blast is being offered by Hercules Powder Company, Wilmington, to its explosives sales and service men. The educational program is in charge of J. Barab, manager of the technical-service division.

While all of these men are carefully trained originally, Mr. Barab explained, the course is designed to keep their technical knowledge "fresh." Periodic examinations are given by questionnaires.

Expects Year's Budget for Building to Total \$1,753,806,000

New building and modernization planned and contemplated for the year from September, 1932, to September, 1933, totals \$1,753,806,000, the *American Architect*, a Hearst publication, New York, points out in a survey completed August 15, which answers the questions:

How much actual work is now in architects' offices?

What do they see ahead for this year and for the year 1933?

Only that part of Federal work given out to private architects is included in the figures.

"New building under planning" and "modernization under planning" (work on which the architects already are actually engaged) constitutes about one-third of the total—being, respectively, \$478,800,000 and \$93,938,000. "Contemplated new building" amounts to \$1,047,200,000 and "contemplated modernizing," \$133,868,000.

Considerably more than half of the total will be contributed by five states—New York, California, Illinois, Pennsylvania and Massachusetts—each of which is expected to do more than \$100,000,000 in construction and modernization during the year. New York—with \$513,363,000—will do nearly a third of the whole. New Jersey, Ohio and Minnesota are the only others expected to spend more than \$50,000,000. Fourteen states, chiefly in the Rocky Mountains states and in the Southeast, will spend less than \$5,000,000 each.

In a detailed report from 1,636 architects on 2,935 new building projects "now actually under planning or under construction," the *American Architect* shows, more than half of a total expenditure of \$299,623,000 will be for public buildings (\$90,492,500), schools and colleges (\$43,236,200), and hospitals and institutions (\$35,084,000). The amounts for dwellings in the under-\$20,000 group and for churches will be about the same—slightly more than \$10,000,000; office buildings will cost about \$18,686,200; apartment buildings, \$15,940,500; transportation, \$10,475,000; banks, \$9,516,000.

"The most important deduction which has been evolved from this study," says C. Stanley Taylor, merchandising consultant of the magazine, in an analysis of the data, "is that the turn of the tide has been reached and that building activity will begin its steady, though slow, upward swing during the fall of 1932."



At the $\frac{3}{4}$ mile post, with funds exhausted, her race looked lost

ONE letter provided the funds, resulting in a glorious finish. But this anticipates the story—read on.

A trustee of one of America's great colleges came to us with this problem. Which faced one of the senior girl students of that college.

Briefly,—this was the situation:—

This student was one of six daughters in a family of eight. Two sisters were then in High School, two in grammar grades, one working. The father, a railroad engineer, was struggling to educate his sextette of daughters, feed, clothe and house the family, and pay up accumulated doctor's bills. A fine American family, with dad shouldering the greater part of the financial burden.

This eldest daughter had successfully completed three of her four years college course, majoring in piano and organ. During her summer vacations, and her hours out of classrooms, she had financed her way by secretarial work plus certain borrowed funds.

At the conclusion of her junior year, the college faculty in her case ruled out any out-of-school employment if she were to graduate with the honors they believed she was capable of attaining. During her summer vacation she canvassed, without success, one source after another for funds with which to complete her last school year.

September came. School opened. Still the stone wall of necessary funds unprovided confronted her. No help in sight. Many girls, less determined, would have quit trying. She sought out one of the college trustees in her home town. Told her story.

Her problem became at once his. We listened as he sketched the situation and promised him a plan of action in 24 hours. The next day we suggested that a letter under his signature be mailed to every alumnus of that college in that town and nearby vicinity.

This letter to state the case without revealing the student's identity. In addition to writing the letter, we also developed a plan for cash shares in a Students Help

Revolving Fund. To this the alumni were invited, by our letter, to subscribe. Shares payable at once in cash. The fund thus obtained to be loaned (not given) to this worthy senior co-ed. When paid back by her, it to be relented to other deserving students who required temporary help in making the financial grade.

This girl we dramatized in a single, two-page letter, written in the first person. Our selling plan, this Students Help Fund, specifically created for this occasion, was designed to become self-perpetuating. The prospects, the college alumni, naturally constituted a very select list. Alumni of any college will listen to the story of lads and lassies who are contending nobly against heavy odds in seeking the coveted prize, a diploma with perhaps other honors added.

The letter was mailed with a personal fill-in carrying a friendly salutation and personally signed in ink by the trustee.

Within 24 hours, the checks began to arrive. One of the first for exactly 10% of the total amount sought came from one of the nation's great industrial leaders, an alumnus of this college. Himself many times a millionaire, surrounded by secretarial barriers. But our letter negotiated those barriers and brought back not only his check, but also a splendid letter of commendation. Each day piled up the cash responses.

Within a week, our client, the college trustee, summoned the subject of this effort to his office to inform her the money needed for her senior year was ready. She returned to school. Months passed. The following June she graduated, receiving the highest honors, a fellowship in music.

A deserving, ambitious girl in need. Sympathetic alumni ready to lend a helping hand when informed of the need. Our letter, written just as you might tell a friend in conversation of the need, accomplished within a week a task which otherwise would have required a committee

hours and days of personal interviews and with no two members of the committee presenting the subject with equal emphasis. Our Sept. 1st Sales Management discussion, see page 197, told the story of the job accomplished by 47 sales letters. You have just read what one sales letter accomplished. For 35 years, our sales letters, written for a host of clients, have carried the selling message so effectively as to accomplish that which personal interviews often could not equal or accomplish.

Sales messages in varied forms—letters, house-organs, salesmen's manuals, folders, booklets, broadsides, catalogs, with often a selling plan of our creation, are available for those clients whose products, or merchandise, service are of real value.

Our services include complete preparation of sales campaigns, embracing all literature as well as newspaper, magazine and trade-paper advertising.

Primarily, we are interested in determining the sound merit of any proposition before undertaking to serve. Whether the business be small or large, localized or national in scope, is of less interest to us than to determine if it renders a real legitimate service.

You are invited to submit for our analysis and suggestion your sales problems. Such a discussion, by mail, carries no obligation on your part to retain our services, and will be without cost to you. Samples of your products, present sales literature, with a frank statement of your progress and future plans, will help us to conduct such an informal discussion helpfully and constructively.

Who knows but the result may be a decided improvement in your present merchandising picture.

This is fifth of 12 page discussions of our service appearing once monthly in Sales Management for the year beginning June 1st, 1932. Each issue, as for 9 years, also carries announcement on page next to back cover.

James C. Johnson, and Associate Counsellors

Complete sales, advertising, merchandising programs, including letters, house-organs, broadsides and publication advertising.

For 10 years Sales Manager, Larkin Co., Inc.

1190 Woodbridge Avenue, Buffalo, New York

INSTALLED DISPLAYS in the Promotion of

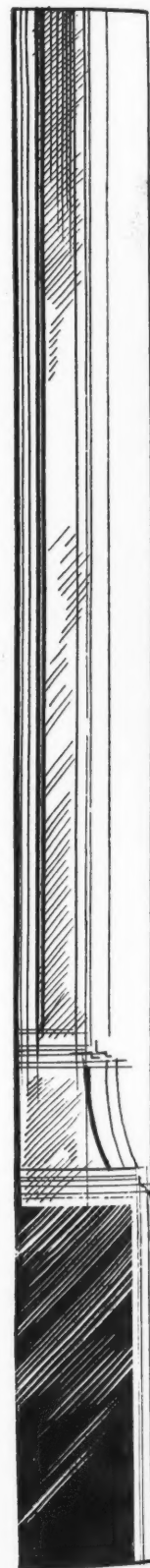
PRESENTING YOUR MESSAGE AT THE DECISIVE MOMENT

NATIONAL advertisers are fast becoming assured of the increased sales possibilities of **INSTALLED DISPLAYS** . . . By **INSTALLED DISPLAYS** we mean the proper, efficient and systematic installation of your material in a given territory or on a national scale over a specified period of time.

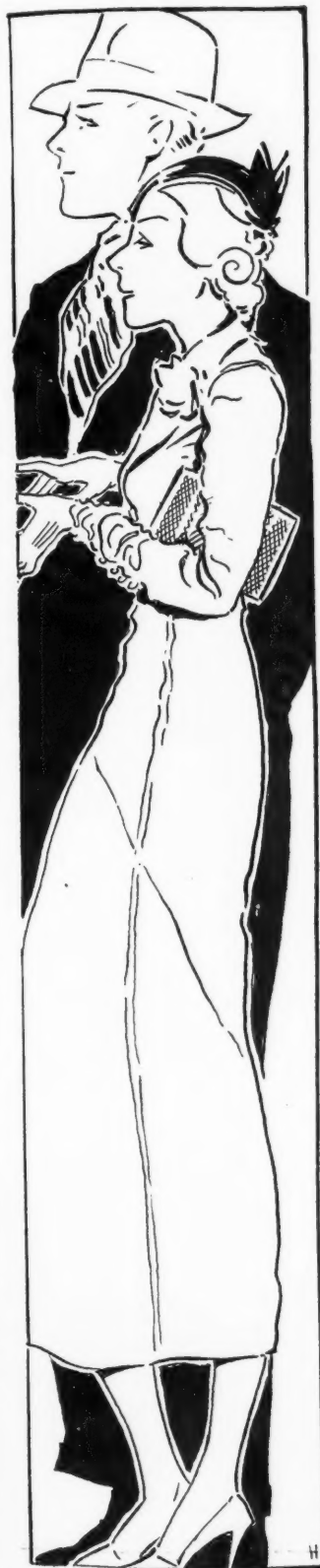
The cooperation of this group makes possible **INSTALLED DISPLAYS** in quantities of 10 or 10,000 . . . You have the opportunity of contacting 1 or 135 offices for the securing of quotations and the issuing of installation orders. You are further assured of maximum dependability and the certainty of a prominent showing . . . Tell your potential consumers . . . as they approach your retail outlets. Such promotion tends to increase today's sales and builds acceptance for tomorrow's ever-increasing repeat business. This organization or any one Associate invites the inquiries of interested advertisers.

I Should you wish to have your name placed on the mailing list of **WINDOW DISPLAY INSTALLATION**, a monthly publication issued by this group, write on your letterhead to: E. J. Stefan, 1920 W. Vliet St., Milwaukee, Wis., and it will be gladly forwarded to you each month without obligation. **I**

The Associates here listed . . . strategically located from New York to California . . . from Florida to Washington . . . are in a position to aid you throughout your retail markets. . . . Each one is an organization in itself . . . possessed of the capabilities . . . resources and trained experience required to execute the installation of your window display campaigns. . . . The manner in which they have been consistently serving their present clientele undoubtedly could prove advantageous to your advertising set-up.



are a Major Influence of Today's Sales...

**ALABAMA**

Pennington Scott Display Service,
1906H N. Fifth Ave., Birmingham
Tri-State Display Service,
54 So. Franklin St., Mobile

ARIZONA

Waghorn-Whitson Display Service,
15 E. Hoover St., Phoenix

ARKANSAS

Perdue Display Service,
2700 Marshall St., Little Rock

CALIFORNIA

Parmley Window Display Service,
1220 W. Pico St., Los Angeles

COLORADO

R. A. Bennett Display Service,
1346 Larimer St., Denver

CONNECTICUT

The Herberger-Coughlin Display Co.,
273 State St., New Haven

DISTRICT OF COLUMBIA

The Gold-Brager Company, Inc.,
631 Pennsylvania Ave., N. W.,
Washington, D. C.

FLORIDA

Cross Display Service,
821 Lorca St., Coral Gables (Miami)
Kendrick Display Service,
3710 Santiago St., Tampa

GEORGIA

Virgil W. Shepard,
21 Courtland, S. E., Atlanta
Broda Distributing Co.,
1216 Fifth Ave., Columbus
A. J. Coffee & Son,
479 Orange St., Macon

IDAHO

Lawrence J. Hannifin,
11th & Main Sts. Boise

ILLINOIS

Fisher Display Service, Inc.,
560 West Lake St., Chicago
Peoria Show Card Company,
329½ S. Adams St., Peoria
Colpitts Advertising Service,
1243 Vermont St., Quincy
C. H. Grissinger Display Service,
1040 E. State St., Rockford

INDIANA

Forkner Advertising Service,
1401 W. 2nd St., Anderson
Neumann's Window Display Service,
313 Jefferson Ave., Evansville
Fisher Display Service, Inc.,
4133 Jackson St., Gary
Jos. I. Cotterill Advtg. Service,
3325 Reed St., Ft. Wayne
National Displays, Inc.,
Transportation Bldg., Indianapolis
Fisher Display Service, Inc.,
810 25th St., South Bend
McAlpine Window Display Service,
1923 N. Seventh St., Terre Haute

IOWA

Des Moines Window Display Service,
Register & Tribune Bldg., Des Moines

IOWA (continued)

Kenneth C. Finke,
621 Nebraska St., Sioux City
J. C. Henson,
329 Mulberry St., Waterloo

KENTUCKY

Blue Grass Display Service,
903 So. Limestone St., Lexington
Myers Display Service,
415 W. Main St., Louisville

LOUISIANA

Nail & Nail,
1004 Perdido St., New Orleans
Clark Long Display Service,
218 Travis St., Shreveport

MARYLAND

Benj. Chas. Margolis,
24 S. Charles St., Baltimore

MASSACHUSETTS

United Display Corporation,
57 Bristol St., Boston

MICHIGAN

Wayne Services,
436 E. Woodbridge St., Detroit

MINNESOTA

A. M. Wagner Display Service,
510 First Ave., North, Minneapolis

MISSISSIPPI

Capital Display & Adv. Service,
Box 211, Jackson

MISSOURI

N. J. Groves,
218 No. Wall St., Joplin
Bowman Designing Company,
3032 Main St., Kansas City
Cunningham Display Service,
815 W. Walnut St., Springfield
Western Display Service,
2728 Olive St., St. Louis

NEBRASKA

Davison Display Service, Inc.,
423 S. 11th St., Lincoln
Davison Display Service,
338 Le Flang Bldg., Omaha

NEW JERSEY

New Jersey Display Service,
278 No. Day St., Orange

NEW YORK

Universal Window Display Bureau,
201 Front St., Binghamton
Windo-Craft Display Service, Inc.,
376 Pearl St., Buffalo
Dis-Play-Well, Inc.,
23 East 22nd St., N. Y. City

NORTH CAROLINA

So'n Window-Disp. Serv. & Sales, Inc.,
First National Bank Bldg., Charlotte

NORTH DAKOTA

Merchants Display & Window Serv.,
1105 7th St., N., Fargo

OHIO

Cincinnati Display Service,
519 Main St., Cincinnati
Wayne Services,
1018 St. Clair Ave., Cleveland

OHIO (continued)

F. Altman & Son,
415 South Third St., Columbus
Dayton Display Service,
4 Industries Bldg., Dayton

OKLAHOMA

Oklahoma Wind-O-Display Service,
1643 W. Main St., Oklahoma City

OREGON

Portland Window Decorating Co.,
93 N. 15th St., Portland

PENNSYLVANIA

Rileigh Window Display Service,
829 Anthracite Ave., Kingston
S. J. Hanick Company,
319 N. 11th St., Philadelphia
Pittsburgh Window-Craft Service,
333 E. Carson St., Pittsburgh

SOUTH CAROLINA

Criterion Display Service,
P. O. Box 1232, Columbia
H. W. Waters,
109 Catechee Ave., Greenville

TENNESSEE

Hal Cady,
310 E. 11th St., Chattanooga
Knoxville Display Service,
238 Daylight Bldg., Knoxville
Memphis Window Display Service,
183 Vance Ave., Memphis
Brinton Window Display Service,
423½ Church St., Nashville

TEXAS

Livingston Display Service,
P. O. Box 365, Austin
Sun Display Service,
3709 Alameda Ave., El Paso
L. E. Clark Display Service,
1804 Harrington St., Houston
Patrick Display Service,
212 Losoya St., San Antonio

UTAH

The Window Display Service,
403 E. 4th So. St., Salt Lake City

VERMONT

Oscar Gaudreau,
45 Rose St., Burlington

VIRGINIA

George Melcher,
1618 McDaniel St., Portsmouth
Robert Waitt,
523 E. Main St., Richmond

WASHINGTON

Northwest Display Service, Inc.,
115 Blanchard St., Seattle
Hicks Display Service,
120 No. Wall St., Spokane

WEST VIRGINIA

Monte Little Company,
First Huntington National Arcade,
Huntington

WISCONSIN

Manke Window Display Service,
922 Avon St., La Crosse
Stefan, Inc.,
2130 Rusk St., Madison
Stefan, Inc.,
1920 W. Vliet St., Milwaukee

"INSTALLED DISPLAYS—FOR LOW COST SALES RESULTS"

THIS ADVERTISEMENT IS SPONSORED BY

THE CO-OPERATIVE COMMITTEE
AND ASSOCIATE INSTALLERS OF

WINDOW ADVERTISING, INC.,

300 FOURTH AVE., N. Y. C.

EINSON-FREEMAN CO., INC.
LITHOGRAPHERS
OFFICES AND MANUFACTURING PLANTS
STARR & BORDEN AVENUES, LONG ISLAND CITY, N. Y.
NEW ENGLAND OFFICE - 302 PARK SQ. BLDG., BOSTON, MASS.
WESTERN OFFICE - WRIGLEY BLDG., CHICAGO, ILL.
Inventors and Manufacturers of the Einson-Freeman Patented Double Tier Containers
Licensee for Canada . . . Somerville Paper Boxes, Ltd., London, Ontario, Canada



Sales Manager Hodges tells the men a story of fish, while Skipper Dunski listens in from the bridge.

Forty-Fathom's Fish Sales Force Sails Forth to Learn Production

BESET by questions from curious dealers as to whether 40-Fathom fish really are caught that far down in the ocean (a fathom being six feet), and what the trawling nets look like and how they work, the Bay State Fishing Company of Boston recently decided to take its regional sales representatives out to sea on a trawler, and show them.

C. D. Hodges, sales manager, arranged for a conference aboard the trawler *Whitecap*, one of the 40-Fathom fleet. Gus Dunski, skipper, showed them how; Oscar Carlson, ship's cook, provided refreshment, and the champion tattooed man of the fleet, instruction and entertainment.

Out toward Georges Bank, that plateau of the Atlantic bottom, in the midst of a lonely fog, one of the crew took soundings.

"Ready for the set!"

Winches rattled; cables sang. The big net went overboard—foot-rope, rollers, float, wings, belly, cod-end. Cables paid out more. The great doors, which keep the net flaring open, plunged overside. The salesmen on the bridge watched in awe.

But then came one of those tolls of the sea. When the net was taken in, the men found that it had been ripped into ribbons. Probably it had been towed over rocky bottom. And in-

stead of a big bagful of thousands of fish—there was one haddock and a useless miscellany, a skate, sea robin, angler, star fish.

Mr. Hodges and Skipper Dunski had a moral for the incident. It was one of the reasons why fish supply is variable, except when tremendous resources, such as those of Bay State, are available. Bay State is able to sell uniform quality at stabilized prices—despite an occasional broken net and lost catch.

Nearly Half of Families in U. S. Own Homes

Some 14,000,000 families—46.8 per cent of the total number of households in the country—own their own homes, the 15th decennial census has found. This is an increase of 2.2 per cent and 3,135,000 in number from the census of 1920.

Wisconsin ranks first among the states in proportion of home-owning families, with 61.8; Maine is second, Utah third. Home ownership is more common on farms than in cities—52.5, as against 45.2.

The "home market" now numbers 29,904,663 households—70.1 per cent of which are classed as native white, 19.2 as foreign born, and 9.4 negro.

Westinghouse to Spend \$3,000,000 to Improve Its Plant Facilities

Westinghouse Electric & Manufacturing Company, East Pittsburgh, has decided to spend \$3,000,000 for a new power plant, A. W. Robertson, chairman of the board and chairman of Mr. Hoover's Committee on Industrial Rehabilitation, told a group of publisher members of the Associated Business Papers at New York last week.

Mr. Robertson cited the Westinghouse program as an example of the need for modernization which now exists in almost every organization. The power plant, he said, is now nearly 25 years old. Between 1926 and 1929 it broke down frequently under peak loads, and even when it functioned perfectly the company had to supplement its production by buying extra power outside. In the last couple of years business has been so bad that the executives were afraid to spend the money. Business is not quite so bad now, and Westinghouse believes in getting ready for definite improvement when it appears and to take advantage of present low prices toward that end.

"If the committee is successful only to the point of creating a 5 per cent improvement in buying," Mr. Robertson explained, "we shall have created employment for hundreds of thousands of workers in the 'capital goods' industries. This slight increase in purchasing will tend to raise prices slightly. As prices rise, others, fearing to wait longer, will buy."

The program differs from the "Buy Now" campaigns in that it is based on "enlightened selfishness" rather than "duty."

"Expenditures for equipment, machinery and plant facilities have dropped from the average normal annual outlay of \$5,000,000,000," he continued, "to a yearly total of \$1,200,000,000. This condition is one of the major factors contributing to continuance of the paralysis which besets American industry at the present time."

"The progress of industrial maintenance has been interrupted to such a degree that today more than 50 per cent of the machinery, equipment and plant facilities in American factories is obsolete. The fact that in these last three years there has been more rapid improvement in equipment design than in any period in our industrial history makes the condition that much more urgent. Replacement has not kept pace with this engineering advance."

International Magazine Finds Radio Coverage Vague—and Costly

Radio circulation per thousand families reached is about four times as costly as magazine, the Marketing Division of International Magazine Company, New York, points out in "A Comparative Analysis of Radio and Magazines as Advertising Media."

Assuming "three million families (out of some 14,000,000 radio sets now in use) as a prospective audience for a radio advertiser" and using 15-minute programs four times a month over a coast-to-coast network of 79 stations, the radio cost per thousand listening families is \$12. Full page space in six leading magazines—two weeklies, two women's, two generals—providing a total A. B. C. circulation of 12,229,085, costs only \$2.88 per thousand reading families.

About 53 per cent of potential radio circulation is in the 641 principal trading centers of the country, the report continues, as against more than 64 per cent for the six magazines. The percentage of radio's circulation in rural markets is 25.9 against 14.7 for these magazines.

The question, "What am I getting for my money in radio?" depends, says the report, on these twelve variable factors:

1. How many stations are used?
2. Character of program entertainment and its competition.
3. What time of the day?
4. Atmospheric conditions.
5. How many sets within range of the stations used?
6. How many people are home?
7. How many sets are in working order?
8. How many sets are turned on?
9. How many sets are tuned to the particular program?
10. How many people are listening to the program?
11. How many hear the sponsorship?
12. Who hears it?

By this process of elimination, the company finds the actual circulation of a given radio advertisement in a certain territory to be but a fraction of the number of sets there.

The "mortality rate" among radio advertisers also is high. After the first year, the survey shows, it is 48 per cent. After the second year, it is 16 per cent or a total of 64 in the two years. In three years it is 71, and after the fourth, 77.

The marketing division has gathered together the sales records of some 20 advertisers over a four-year period, and presents each case in a separate chart to compare with its annual magazine and radio expenditures.

Retailers and Publishers Finish Job of Defining N. Y. Trading Area

Instead of an arbitrary circle radiating 50 miles in every direction from New York's City Hall at the lower end of Manhattan Island, the New York Retail Trading Area now zig-zags about 60 miles north and south, 40 miles west and 125 miles east to the end of Long Island on a map just completed by the Merchants' Association of New York in cooperation with the Publishers' Association of New York City. Dutchess and Ulster counties, New York, are included for the first time.

The area comprises the five boroughs (counties) of Greater New York and 23 suburban counties, with a combined population of 12,055,187. Forty-two cities within its borders have a population of 9,464,707, the rest of the population being rural.

The area embraces 10,233 square miles, of which 5,134 are in New York, 4,468 in New Jersey and 631 in Connecticut.

In order to reach a determination, the joint committee, headed by Francis H. Sisson, of the Guaranty Trust Company, set up at a meeting last October this definition of the Retail Trading

Area: It was considered to be "that area within and adjacent to the city which presents a consumer market profitably accessible to the city's retail merchants and to 'chains' and manufacturers operating from the city." The committee also decided to include only entire counties in the territory.

To determine the status of the so-called fringe counties of Putnam, Dutchess, Ulster and Orange in New York and of Sussex, Warren, Hunterdon, Mercer and Orange in New Jersey, a ten-day traffic count of the telephone calls between them and New York City was obtained. A study was made of the newspaper circulation there and of the number of commuters "who are daily carrying to and from their homes newspapers and bundles of goods purchased in New York City." It was found that these fringe counties had many thousands of telephone calls to and from New York and that, except in one county, the combined circulation of the New York City papers exceeded that of local daily papers. The railroad commutation zone was found to extend from the northern border of Dutchess County to the northern border of Ocean County, a distance of about 100 miles.



The New York Retail Trading Area

As defined by the Merchants' Association of New York in cooperation with the Publishers' Association of New York City, 1932.

C o m m e n t

INDUSTRIAL REHABILITATION: The recently appointed Committee on Industrial Rehabilitation, of which A. W. Robertson of the Westinghouse Company is the chairman, will function actively on a national scale early in October. Only those who have taken the occasion to inform themselves of the objectives set down by this committee can appreciate the importance thereof. . . . Fundamentally the campaign centers around persuading industrial concerns to replace obsolete machinery and equipment with modern machinery and equipment. The immediately selfish results for those joining in this movement lie (1) in the economy of modernization while prices are low, (2) in replacing equipment when plants are comparatively idle and (3) in preparing for the keen sales competition which lies ahead by utilizing the most efficient money-saving machinery and equipment which is available. It is undoubtedly true that a high percentage of the industrial concerns of the country deferred modernization plans in boom years because of the pressure for delivery of manufactured merchandise. It is equally true that since 1929 most concerns have postponed expenditures for "capital goods," through fear or through a desire to conserve liquid resources. Without question a very high percentage of industrial machinery and equipment is therefore largely obsolete, and, of course, during the last two or three years tremendous progress has been made in machine and equipment design from the standpoint of lowering production costs. Moreover, more than 1,620,000 workers are said to be out of employment in this sector of our economic whole. Hence every order that is placed for the purpose of replacing obsolete "capital goods" not only expands employment within the immediate field of machinery and equipment but also enlarges the demand for raw materials and labor used in their manufacture and delivery. Also there is much to be said for what modern equipment can do by way of lowering the price of manufactured products at the selling end and thereby increasing the volume of consumption. . . . From practically every standpoint the task being undertaken by this committee warrants a maximum of understanding, cooperation and participation on the part of all. The limitation of what can be accomplished in tangible terms lies in how much money companies now have available in liquid form for the purchase of modern machinery and equipment and in the extent to which the vendors of machinery and equipment can afford to sell on an instalment basis. Even relatively small results are highly important and certainly it behooves every company with cash resources to participate in a rehabilitation movement of such vital importance. It also behooves every company trying to sell modern machinery and equipment that has a surplus in cash or invested in securities to appropriate a sizable portion thereof to finance instalment

sales to worthy buyers. In the editorial columns of this magazine we have frequently stressed the importance of developing ways and means to restore spendable money income to the farmers. No less important is the restoration of sales volume in the "capital goods" industries.

MR. GRANT GROWS OPTIMISTIC: In his newspaper column B. C. Forbes recently quoted Richard H. Grant, the sales head of General Motors, as saying, "For the first time I am inclined to think that the country passed its most critical stage two or three months ago and that we are now headed for slow, gradual, but sure improvement." Mr. Grant is one of the relatively few leaders in American industry who has not tried to fill the business world with the Pollyanna type of optimism. The newspapers of the country could perform a valuable role in rebuilding confidence on the part of all factors if they would widely quote the current opinions of business leaders like Mr. Grant who have said little or nothing in print which undermines the value of their current conclusions. Simultaneously the newspapers can contribute by omitting "the wise words" of those supposed leaders who have already lost the confidence of the business world and of the public as well by their illy timed and illy founded pronouncements and prognostications during the last year or two. . . . If the depression accomplished anything by way of focusing attention on the human equation it did so by bringing into clear relief the kind of leaders who are really intelligent and the kind of leaders who lived with ego and ignorance though cloaked in high-sounding titles.

LAGNAPPE: Many national advertisers, as a means of offsetting the competition of other advertised products as well as the inroads of private brands, are joining in the scramble to give what the French Creoles of New Orleans call "lagnappe"—the extra something for good measure, the baker's dozen of thirteen. The consumer likes the idea. The makers of Listerine, encouraged by the distribution of a million distinctive boudoir bottles, are now advertising a "frog, that just loves old razor blades" for the man trade. Loose-Wiles offers puzzles with its cookies, and so on. Whether "lagnappe" will solve the fundamental difficulty of appeasing the retailer who complains of insufficient profit margin is questionable, but it seems to be inducing the consumer to choose the advertised article with the plus feature as against the private brand, when both are on display.

Ray Bill

Designing to Sell

(Continued from page 272)

some sales effect will follow, but consumer response is not altogether calculable. By leaning toward conservatism on this point, you protect yourself from the consequence of possible disappointment, and on the other hand make the realization of probable sales increases all the more sweet.

"But invariably the competent industrial designer justifies his fee by ultimate savings in production costs. He has been trained to design for the machine. We know that most mass production products are still designed according to the old principles of hand tooling. They are complex in shape, and attempts at beautification evolved at the factory are superfluous and costly. The designer who has been trained to use the machine as his tool knows how to get the maximum of beauty out of the simple forms that the machine is capable of producing. Pay five or ten thousand dollars to a designer who knows the possibilities and the restrictions of the machine, and he will invariably save you many dollars in the long run in tools, dies and production operations.

"Look at it in another way. Any business would gladly pay 7½ per cent of manufacturing costs as the royalty for some patented improvement. If we had compensated our designer on this basis, instead of on the retainer fee basis, the amount he actually charged would have looked like petty cash.

"If you were to spread the cost of the designer's services over the period of years that constitutes the life of the product, and further reduce it to a per unit basis, you would find that the fee, that was such an enormity in contemplation, had melted out of sight and mind.

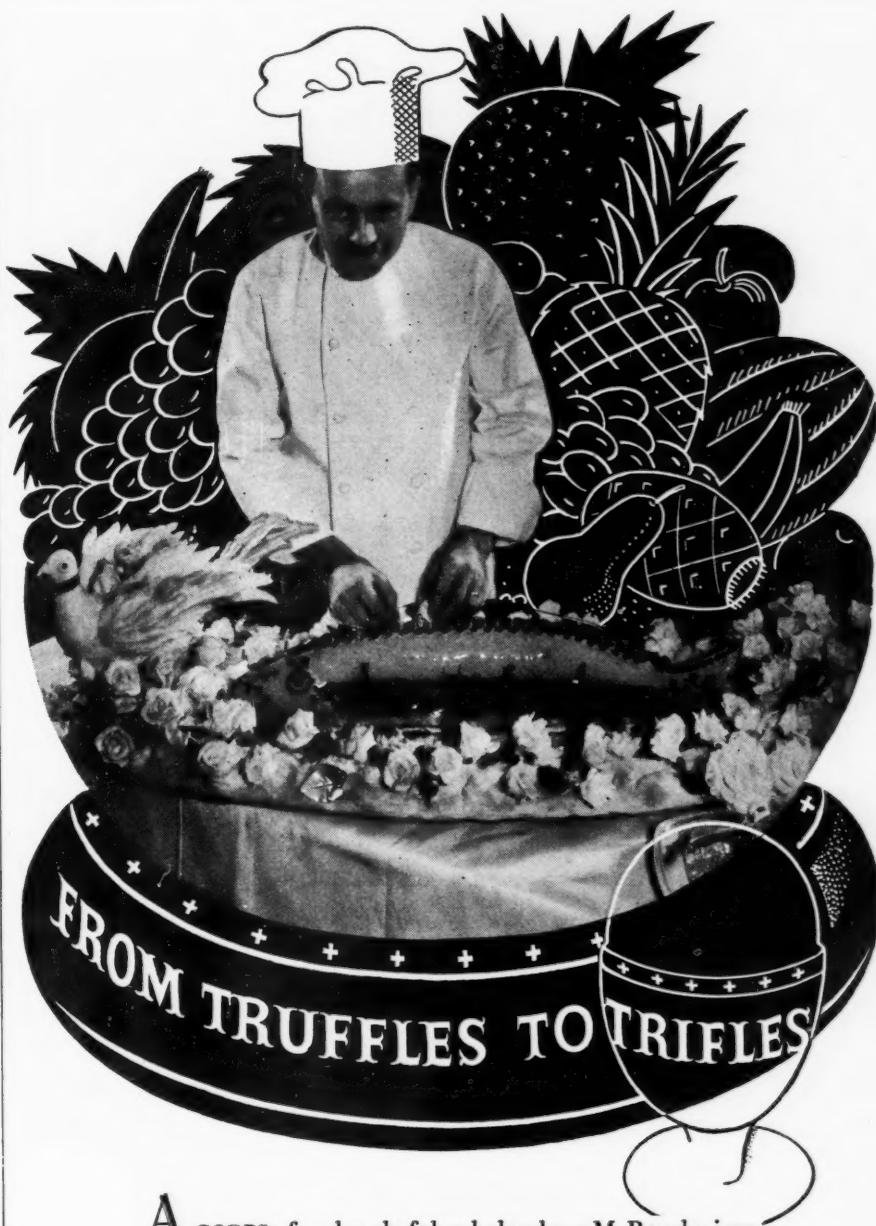
"As far as the Acousticon Division is concerned, after two redesigning experiences, we are satisfied that we never made better investments. A good-looking product has enabled us to hold our own through good years and bad. We, too, are using less black ink than we did in fabulous '29, but we're still among the customers of the black ink manufacturers at that."

Crumb Gatherer

A new line of dishwashers—each capable of handling a complete dinner service for eight people—has just been introduced by General Electric Company. A feature is a little device called the "Crum-Cup," which gathers crumbs and other particles of food. It is removable.

ANA Picks Atlantic City

The annual meeting of the Association of National Advertisers has been scheduled for the Ambassador Hotel, Atlantic City. November 15-17.



A CORPS of under-chefs has helped our M. Rondepierre build this fabulous dish. One took from a bed of ice a beautifully pink salmon, cold boiled. A second contrived a golden coat out of mayonnaise. Another carved and whittled daintily transparent roses out of suet... a fourth a pigeon. Still another traced, humorously, a marine view on the fish's side... All through the night they were nimbly, patiently at it. Sometime near dawn they stood in a circle around their *maestro* and watched him drop the last brilliant cherry tomato into place. Then quickly was the creature conveyed to an ice chamber, there to await your arrival in our Dining Room.

Had it been your pleasure to ask for a two-minute egg, your order would have been filled at less trouble, but with identical care. For it is our constant aim to have you leave our hostelry with a little happier feeling than when you came to us. From truffles to trifles—we are yours to command.



THE ROOSEVELT

MADISON AVENUE AT 45TH STREET, N.Y.

Edward Clinton Fogg, Managing Director

Bright Spot Cities

Business Activity as Measured by Bank Debits

BUSINESS in August made roughly the same showing against "normal" as July, the change being only four-tenths of a point.

Gains which ran counter to the general slight decline were registered in the Richmond, Atlanta and Minneapolis Federal Reserve Districts. The Chicago district exactly held its own; Cleveland did better than the average.

The following tabulation shows those cities whose August business activity, in percentage of normal,

equaled or exceeded the national average.

The Percentage of Normal is the comparison between each city's bank debits for the current month with the average for that same month in the three years, 1926 to 1928.

The Relative Standing is the relationship of the individual city for the current month with the country as a whole. A figure of 120, for example, indicates that bank debits in a particular city were 20 per cent better than in the entire U. S. A.

A complete list of 262 cities, including both those above normal and below normal, is available on the 20th of each month as a special service to subscribers. They are run off on mimeographed sheets and sent by first-class mail to subscribers. The SALES MANAGEMENT Statistical Department will be pleased to send you a sample copy. (See page 296.)

The Trading Area population estimates are printed by courtesy of the Marketing Division of the International Magazine Company.

Percentage of Normal (1926-28 Aver.)						Relative Standing		Percentage of Normal (1926-28 Aver.)						Relative Standing	
Trading Area Pop. (000 omitted)		June	July	Aug.	Aver.	3 mos. U.S.A. = 100		Trading Area Pop. (000 omitted)		June	July	Aug.	Aver.	3 mos. U.S.A. = 100	
U. S. A. Av. (Excl. N. Y. City)								U. S. A. Av. (Excl. N. Y. City)							
Boston F. R. District								Cedar Rapids, Ia.							
Bangor, Me.	191	49.7	52.5	54.1	52.1	102		Danville, Ill.	122	157	61.1	66.8	65.8	64.6	123
Brockton, Mass.	167	59.1	66.6	68.6	64.8	129		Davenport, Ia.	...	122	55.1	49.5	57.9	54.2	110
Hartford, Conn.	359	52.1	54.7	53.3	53.3	100		Des Moines, Ia.	...	...	58.2	59.2	64.3	60.6	121
Lowell, Mass.	131	71.6	74.5	73.2	73.1	137		Green Bay, Wisc.	473	67.3	75.9	71.6	71.6	122	
Manchester, N. H.	108	54.7	58.4	65.2	59.4	122		Indianapolis, Ind.	150	150	60.7	60.6	60.8	60.7	114
New Haven, Conn.	325	62.6	55.9	64.5	61.0	121		Mason City, Ia.	726	181	66.3	66.2	60.6	64.4	114
Portland, Me.	192	65.1	62.2	56.7	61.3	107		Milwaukee, Wisc.	914	214	58.7	62.6	55.8	59.0	105
Providence	648	62.4	61.5	60.1	61.3	113		Peoria, Ill.	293	293	64.9	60.0	58.9	61.3	111
Springfield, Mass.	319	53.3	55.3	61.5	56.7	115		Springfield, Ill.	261	261	57.6	50.7	58.2	55.5	110
Worcester, Mass.	416	61.9	61.5	59.2	60.9	111									
		57.8	54.6	53.7	55.4	101									
New York F. R. District (excl. N. Y. C.)								St. Louis F. R. District							
Albany, N. Y.	270	59.7	63.5	58.6	60.6	110		Fort Smith, Ark.	234	...	54.1	51.1	47.9	51.0	90
Binghamton, N. Y.	246	75.4	88.8	77.1	87.1	145		Greenville, Miss.	121	234	51.9	47.6	58.5	52.7	110
Elmira, N. Y.	146	66.8	67.8	64.5	66.4	121		Louisville, Ky.	679	121	73.0	60.1	71.6	68.2	122
Montclair, N. J.	...	57.1	57.4	57.2	57.2	108		Memphis, Tenn.	814	679	50.2	53.6	53.1	52.3	100
Newark, N. J.	1,042	73.3	73.7	69.4	72.1	130		Springfield, Mo.	411	411	49.8	49.8	54.1	51.2	102
North N. J. Clearing House (Jersey C., Hob'n, Bay'ne)	632	68.4	78.0	74.6	73.7	140					65.1	56.6	57.2	59.6	107
Poughkeepsie, N. Y.	92	62.8	67.9	68.0	62.9	129		Minneapolis F. R. District	...	...	60.4	58.9	60.2	59.8	121
Rochester, N. Y.	590	71.3	74.5	73.2	73.1	137		Billings, Mont.	132	132	71.3	54.6	57.7	61.2	113
Stamford, Conn.	97	68.1	68.4	69.0	68.5	130		Dickinson, N. D.	37	37	68.6	53.2	63.6	61.8	120
Syracuse, N. Y.	372	49.3	55.6	54.2	53.0	102		Fargo, N. D.	190	190	64.0	64.3	72.4	66.9	136
		66.7	61.4	63.3	63.8	119		Minneapolis, Minn.	830	830	59.4	59.3	61.8	60.2	115
		63.9	61.6	67.3	64.3	128		Sioux Falls, S. D.	241	241	48.7	50.2	64.3	54.4	121
								St. Paul, Minn.	538	538	70.3	64.5	62.2	65.7	115
								Winona, Minn.	38	38	73.4	70.0	70.0	71.1	131
Philadelphia F. R. District								Kansas City F. R. District							
Camden, N. J.	493	51.2	53.1	52.5	52.3	98		Albuquerque, N. M.	89	...	58.7	55.6	52.3	55.5	98
Hazleton, Pa.	95	70.8	61.3	55.9	62.7	105		Bartlesville, Okla.	31	89	65.9	65.8	63.4	61.7	120
Norristown, Pa.	134	61.1	68.0	64.8	64.6	121		Cheyenne, Wyo.	48	31	70.2	80.0	81.7	77.3	153
Reading, Pa.	244	72.2	85.2	70.6	76.0	132		Colorado Springs, Col.	54	48	79.0	79.4	71.9	76.8	133
Scranton, Pa.	371	58.4	52.9	53.3	54.9	100		Denver, Col.	525	54	68.3	67.5	60.4	65.4	113
Trenton, N. J.	287	64.0	66.5	66.5	65.7	125		Fremont, Nebr.	43	525	57.8	54.2	57.1	56.4	107
Wilkes-Barre, Pa.	350	68.4	69.5	67.6	68.5	127		Gr. Junction, Col.	80	43	54.3	53.0	54.6	54.0	102
Wilmington, Del.	288	53.6	61.1	53.4	56.0	100		Hutchinson, Kan.	146	80	54.4	52.3	54.3	53.7	102
York, Pa.	197	68.4	69.5	67.6	68.5	127		Lincoln, Nebr.	180	146	67.1	39.1	55.9	54.0	105
		61.8	61.5	58.2	60.5	110		Oklahoma City, Okla.	347	180	62.7	61.0	56.8	60.2	107
								Pueblo, Colo.	222	347	59.2	60.8	60.9	61.0	114
Cleveland F. R. District								Dallas F. R. District							
Cincinnati, O.	1,036	41.5	47.8	47.3	45.5	89		Austin, Tex.	175	...	60.8	58.1	57.3	58.7	107
Columbus, O.	460	58.3	59.4	56.0	57.9	105		Dallas, Tex.	567	175	78.9	75.9	78.3	77.7	147
Lexington, Ky.	214	57.8	56.7	53.2	55.9	100		Houston, Tex.	688	567	63.0	58.2	60.4	60.5	113
Wheeling, W. Va.	293	64.6	56.8	58.6	60.0	110		San Antonio, Tex.	714	688	63.5	62.6	58.7	61.6	110
		54.5	54.1	57.0	55.2	108		Shreveport, La.	433	714	52.6	73.7	73.0	69.8	137
								Tucson, Ariz.	51	433	58.1	51.9	54.7	54.9	102
								Waco, Tex.	242	51	72.5	76.1	73.5	74.0	138
										242	58.0	51.9	54.9	54.9	102
Richmond F. R. District								San Francisco F. R. District							
Baltimore, Md.	1,086	61.4	62.2	67.1	63.6	126		Bakersfield, Cal.	85	...	55.8	59.1	55.8	56.9	105
Charleston, W. Va.	285	54.9	54.7	54.6	54.7	102		Berkeley, Cal.	...	85	54.9	54.7	54.6	54.7	102
Charlotte, N. C.	632	69.8	62.3	71.0	67.7	133		Boise, Idaho	132	...	69.8	62.3	71.0	67.7	133
Columbia, S. C.	247	80.3	69.1	67.4	72.3	128		Los Angeles, Cal.	2360	132	80.3	69.1	67.4	72.3	128
Lynchburg, Va.	445	54.9	54.7	54.6	54.7	102		Oakland, Cal.	521	2360	54.9	57.9	57.9	56.9	109
Newport News, Va.	...	59.7	76.5	70.0	68.7	131		Phoenix, Ariz.	185	521	59.7	76.5	70.0	68.7	131
Portsmouth, Va.	...	73.6	62.7	59.9	65.4	113		Reno, Nev.	80	185	73.6	62.7	59.9	65.4	113
Raleigh, N. C.	256	75.5	85.5	73.4	78.1	138		Sacramento, Cal.	202	80	75.5	85.5	73.4	78.1	138
Richmond, Va.	354	47.0	52.4	55.5	51.6	105		San Francisco, Cal.	1526	202	68.7	78.5	84.5	77.2	159
Roanoke, Va.	295	78.5	82.5	70.0	77.0	133		Santa Barbara, Cal.	144	1526	45.9	55.7	55.5	49.0	105
Washington, D. C.	791	58.7	66.1	56.5	61.1	107		Seattle, Wash.	524	144	63.1	60.0	55.7	59.6	105
		77.7	82.3	76.6	78.9	144				524	59.9	56.2	53.3	56.4	100
Atlanta F. R. District								Chicago F. R. District							
Atlanta, Ga.	718	51.6	49.4	51.8	50.9	97		Bloomington, Ill.	109	...	54.2	52.3	52.3	52.9	98
Mobile, Ala.	247	68.2	63.2	64.8	65.4	121				109	59.2	57.7	61.4	59.4	115
New Orleans, La.	791	54.2	55.1	53.3	54.2	100									
		52.1	50.2	58.2	53.5	110									

Film "Sampling" Plan Rejuvenates Warner "Dealers"

(Continued from page 278)

brought before the trade. Simultaneously, in the 35 cities where Warner Brothers maintains branch offices, the "samples" were to be shown in a two-day program on August 22-23. Branch managers were requested to acquaint their staffs with the idea, to get the cooperation of the local chambers of commerce in entertaining visiting exhibitors. A principal hotel—the one which offered the most attractive rate—was used as headquarters for the visitors. The films were shown locally in a leading theatre. Some of the hotels offered luncheons free of charge, at which mayors, presidents of chambers of commerce and others spoke eloquently about the opening of the new motion picture era, etc. Invitations to exhibitors and a guest apiece were provided for the "super-shows." Heads of women's clubs, parent-teacher associations, were permitted—by special invitation—to come to see the progress the movies were making. Warner stars sent telegrams, reproduced on slides, to say how proud they were of their current pictures and how well they were going to do in the next. And "bellwether" exhibitors made talks of "unqualified commendation." The governors of Colorado, Wyoming, New Mexico and wherever wired glowingly of "this great step forward."

Ballyhoo? Of course! What would the show business be without it?

And afterward the exhibitors solemnly sent in resolutions commending the branch managers, the company and everybody on everything.

Stimulated by the success of the program, Warner Brothers hopes to make it an all-industry affair next year. "There is no reason why movie producers should not display their wares the way the automobile industry does," explained Messrs. Smith and Sears. "By making it a national event, and not merely a trade showing, the public will immediately respond. With a product shown that can stand pre-viewing, the pictures are immediately set-up. And when they are finally released, the interest created will be translated into terms of cash at the box office. A ready-made audience awaits each release."

The Warners believe, however, that the event can be worked out better by individual agreement among producers than it can under the direction of the Will Hays organization, and are now putting the plan before them.

Peoria Again Is Included in Bright Spot Cities List

Peoria is again included in the list of "Bright Spot" cities issued by the Sales Management magazine. This list which shows the relative standing of all "Bright Spot" cities in the various Federal Reserve districts shows that Peoria's business activity for the three months average, May, June and July, was 62.1 per cent of normal, while the United States of America average for the same period was 53.2 per cent of normal and the Chicago Federal Reserve district 52.5 per cent. Of the cities listed in the Chicago district, Peoria stands fifth, leading all cities in Illinois.

Of the 262 cities for which data are available through the Federal Reserve board, 120 fall under the class of "Bright Spot" cities and Peoria has been included in this class for the month this year.

AGAIN! PEORIA is included in the list of "BRIGHT SPOT CITIES"

REACH all the "Bright Spots" in this prosperous Illinois Market thru the only medium that gives adequate coverage of its buying power . . . The **PEORIA JOURNAL - TRANSCRIPT!**

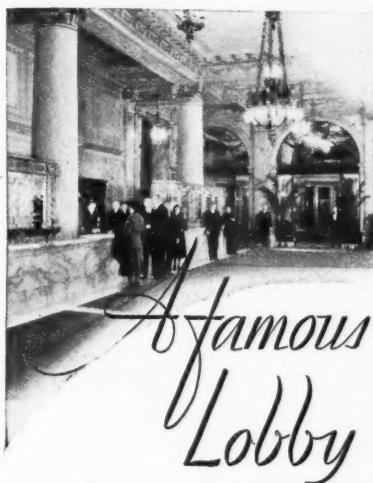
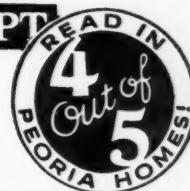
FIRST

. . . IN RETAIL ADVERTISING, CLASSIFIED, GROCERS, FURNITURE, CLOTHING STORES, FINANCIAL, RADIO, JEWELRY, DRUG STORES, and MISCELLANEOUS.

First 7 Months of 1932

PEORIA JOURNAL-TRANSCRIPT

Chas. H. Eddy Co., National Representatives
Chicago - New York - Boston
Member Major Market Newspapers, Inc.



*Famous
Lobby*

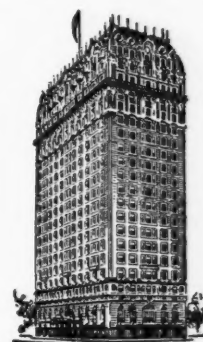
ITS register reads like a "Who's Who" of world leaders in commerce, finance, diplomacy, the arts, and social life. The last eight Presidents of the United States have always stopped at the Bellevue-Stratford.

YOU will enjoy its fine hospitality and faultless efficiency—at rates that are quite consistent with present times.

BELLEVUE STRATFORD

PHILADELPHIA

CLAUDE H. BENNETT, General Manager



VALUE!

ON an average, your stay at THE BLACKSTONE will cost just about 20 per cent less than formerly. Rates have been reduced proportionately on rooms . . . menu charges and on the countless incidentals which are a part of every hotel bill.

Room Rates Begin at \$4 a Day

The
BLACKSTONE
Chicago

Media and Agencies

Independence

"We have been told by publishers that we cannot make money with a journal divorced from advertising support," wrote L. F. Boffey and S. F. Heinritz, editors of *Purchasing*, New York, in their declaration of independence last June. "That is certain. We have neither expectation nor desire that *Purchasing* will ever earn more than enough to cover its reasonable obligations, but we do believe it will acquire prestige beyond dollars-and-cents value."



L. F. Boffey

ful. "We have had an average of 65 per cent renewals of subscriptions," he said. "We're still in the red, but expect to be in the black by January."

"In its old form the magazine had a circulation of 5,000—out of 8,000 potential readers among purchasing agents. In the new form we expect to get 10,000. You see, we figure some sales executives will want to know more about purchasing agents' needs and problems."

"In the old days we were called on the carpet now and then by advertisers for speaking out frankly on certain subjects," Mr. Boffey explained. "So we figured we could do a better editorial job without them. We have no quarrel with advertising. We think it is a definite part of the distribution scheme. It merely seemed best, in our particular job of trying to give facts, not to have the advertiser bugaboo to interfere."

"Along this line, we are neither pessimistic nor optimistic. We have no intention of trying to pull prices one way or another except as business conditions justify. In the July issue, for example, an article pointed out that steel prices were still too high; in August we said that tire prices were too low. We had the facts, as we thought, to prove both cases."

"Some people are saying that this new venture is subsidized by the National Association of Purchasing Agents, with which I was formerly connected. They are wrong. The association's only subsidy to our work is two paid subscriptions."

Purchasing pays somewhat higher than the average business magazine for its contributions, and gets some rather capable contributors—like Dr. Lewis Haney, Dr. H. Parker Willis and Ralph Borsodi.

Under the new policy, it has dropped its membership in the Audit Bureau of Circulations, but it is still a member of

the Associated Business Papers. The ABP people haven't yet decided what to do about the matter.

Rebates and Reductions

It seems that the newspapers also are getting ready to reduce rates.

The St. Louis *Post-Dispatch* announced September 14 reductions to color advertisers of 38 per cent; four-color roto advertisements of 1,000 lines or more at the same rate as monotone; an extra 10 per cent discount to advertisers using roto or color in four or more newspapers—giving color advertisers in the P-D a milline rate as low as \$2.65.

A more sweeping announcement was made by the New York *Daily News* September 22. Following the example of its sister-paper, the Chicago *Tribune*, which instituted a "temporary discount" in July, the *News* makes a rebate of 5 per cent on all advertising space—"retroactive to September 1, 1932, and in effect until further notice." Rate cards continue unchanged. Agency commissions are based on the published rate less the rebate. Present circulation of the *News*, daily and Sunday, is some "200,000 copies in excess of the basis of the last rate card, issued in December, 1928."

Coincident with the change in its column width from 12½ to 12 ems, the Philadelphia *Evening Bulletin* has reduced its general rate from 65 to 62½ cents an agate line.

Liberated Circulation

Convinced that "forced circulations are uneconomic for both publisher and advertiser," *Liberty* has put into effect a guarantee of 2,174,000 and a black-and-white page rate of \$4,000. The previous guarantee being 2,310,000, and previous b-and-w page \$4,250, the page rate per thousand remains the same at \$1.84.

A Canadian edition of this magazine, printed in Canada, and sold separately at the advertiser's option, is now available. Liberty Publishing Corporation, Toronto, Ontario, handles this edition, under W. M. Philpott, recently appointed manager of the Canadian office. Mr. Philpott has been with the advertising staff of the New York *Daily News* and has done editorial work on various Canadian newspapers.

Guaranteed circulation of this edition is 130,000.

* * *

College Humor has added the forces of James B. Montgomery to its eastern selling staff; Archer King, Inc., in the west, and C. W. Fuller, 89 Broad Street, Boston, in New England. Simpson-Reilly continues on the Pacific Coast. The New York offices are now at 501 Fifth Avenue.

Newspaperman Back

Twenty-seven years ago Lee P. Olwell started out a newspaper life on the old Chicago *Inter-Ocean*. His career was interrupted by a decision to join the J. Walter Thompson Company. Then, in 1911, John H. Patterson invited him to Dayton to become advertising manager and public relations director of National Cash

Register Company; and three years later he became vice-president in charge of sales of the Chalmers Motor Car Company of Detroit.

Not content with having gone this far afield from newspapers (perhaps he did not intend to remain a newspaper man anyway), Mr. Olwell then became assistant to the president of the National City Bank of New York. Since 1921 he has been vice-president in charge of public relations.

But now he is back again, as vice-president and publisher of the New York *Evening Journal*—succeeding Edward M. Swasey, who has become representative of the *American Weekly* on the Pacific Coast.

Hall Tells How

S. Roland Hall, who is busily engaged as an executive of the Charis Corporation, finds time in his spare moments to edit and publish *Discussions*—a magazine both entertaining and provocative. He has no advertising space for sale; he sells nothing except his own ideas on how advertising may be made more profitable for the advertiser. Many advertising men dislike Mr. Hall's ideas, but for those who believe in advertising but nevertheless think that it can grow to be more nearly perfect, a dollar bill invested in his little sheet will bring an interesting return. His address is 119 Pierce Street, College Hill, Easton, Pennsylvania.

Fresh Circulation

The Audit Bureau of Circulations came in for a lot of free publicity when the Columbus *Dispatch* recently announced its membership in newspapers, trade papers, direct mail, booklets, truck posters and blimp advertising in a five weeks' campaign. For seven days full pages were carried on different phases of the *Dispatch's* circulation.

Advertisers were asked to "read a fresh circulation statement"—wrapped in Cellophane.

This statement contained a "roll call of city family coverage of American newspapers." The *Dispatch* led all the others in this respect, with a percentage of 95.4. Another Ohio paper, the Toledo *Blade*, was second with 91.1, and the Indianapolis *News* third with 87.2.

Radio Correctionist

Richard C. Patterson, Jr., commissioner of correction of New York City since 1927, has joined National Broadcasting Company as executive vice-president.

In this connection, Merlin H. Aylesworth, NBC president, explained that his recent election also as president of Radio-Keith-Orpheum Corporation, has made it necessary for him to have more executive assistance on the NBC end of it. George F. McClelland, vice-president and general manager, has been made assistant to the president of NBC.

Born in Omaha, Mr. Patterson is a graduate of the Columbia School of Mines. A civil engineer, his avocation has been the production of motion pictures for showing in China. At the time of becoming commissioner of correction he was president of the Peacock Motion Picture Corporation.

Executives Start Repair of Economic Machine

(Continued from page 269)

tion of the labor released by the progress of invention and management.

"No small thing can accomplish that result," Dean Donham believes. "There is little chance we shall develop a succession of new things on the scale required to start and keep things going. We shall not soon see such stimulants to business as the automobile, the Great War, the radio, the reconstruction of Europe and our aggressive foreign lending policy.

"But is it necessary to wait for new things to develop? I believe not. The potential demand for things we now produce to satisfy existing wants is tremendous. We need a sane method of giving continuous employment to everyone who wants it, producing the things we know how to make. We should start by regulating hours of labor, I believe by Federal law. Hours of labor must be controlled elastically with reference to indices of employment so that all fit workers are assured work. The limiting factor must be manpower, not goods, and the hours of labor should vary with the times. Since we possess no good indices of employment, starting points must be fixed arbitrarily. The suggestion presented to you yesterday by Mr. Teagle is a thoroughly sound first step. Such a program would minimize the difficulties arising out of maladjustments in the demand.

"Since in our luxury civilization mass buying is essential to business, we must stabilize the income of our workers on a high plane. To accomplish this we must not only assure continuous employment but, unless we are willing to leave the future wholly to chance, we must devise artificial ways of introducing new purchasing power whenever business sags and no new purchasing power develops spontaneously.

"All means of stimulating buying should be explored. Government works, systems of barter, consumer credits; and social improvements, such as slum removal projects, the construction of boys' clubs, of toll bridges and highways, might all contribute. Industry and government must cooperate.

"Some answer to these problems must be found or we face the silly burden of supporting in idleness a large part of our population, until they lose the will to work."

George S. McQuade has been promoted from manager of mining and railroad sales to sales manager of Marshall Wells Company, hardware, Duluth.

How to Nail Prospects in the Farm Market

A salesman for a washer manufacturer, taken recently by a dealer to demonstrate to a farmer, learned that the prospect's credit was not very good.

So he took along another farmer to hear the sales talk, sold both of them, sold the note of one to the other and got cash for both washers from him.

E. G. Ormsbee, Chevrolet salesman out in Burlington, Colorado, had some difficulty in persuading a farmer to dispose of his old car in favor of a new Chevrolet. On his fifth call a coyote went loping through the man's pasture.

"Grab your gun! We'll knock him off," said Ormsbee. And they gave chase in the Chevrolet demonstrator.

After 45 minutes of weird demonstration through underbrush and gulleys, over rockstrewn hills and every other type of roadless terrain, they got the coyote—and Ormsbee the order.

Real Silk Ships a Ton of Stockings by Air

More than a ton of silk hosiery was shipped by air express recently from the Real Silk Hosiery Mills, Indianapolis, to some 1,000 persons in 100 cities over the lines of American Airways, Inc.

The shipment is said to be the first silk hosiery to be delivered by air express, and also the largest of any type by this means, in points of weight, number of pieces and valuation.

"The men and women receiving this merchandise will have the 'freshest' silk hosiery ever delivered," explained P. O. Ferrel, vice-president and director of sales of Real Silk.

Pierce-Arrow Company Signs 124 New Dealers

Between June 1—the date of the formation of the Studebaker Pierce-Arrow Rockne Sales Corporation—and September 13, 23 distributors and 124 dealers were signed by Pierce-Arrow Motor Car Company.

Rockne Motors Corporation, meanwhile, has built up an organization of 1,750 dealers in the first nine months of its existence, and has shipped more than 20,000 cars. Rockne ranked sixth in the industry in sales to dealers during August.

In SPRINGFIELD, MASS.

Check Transactions

For AUGUST 1932

Were 72.9% of August
Last Year

As Compared With
an Average of 66.6%
for the New England
District as A Whole

Figures Furnished by the Federal
Reserve Bank of Boston

Advertise and Sell in One of New
England's Finest Markets—Spring-
field and the Western Massachusetts
Area.

The Springfield Newspapers
UNION - REPUBLICAN - DAILY NEWS
Springfield, Mass.



Do you need
A New York

OFFICE,
DESK SPACE

or simply

A MAILING ADDRESS
?

Under the Fred F. French Building
Office and Service Plan you can get
whichever you need with a prestige
address, at a nominal cost. Reception
room and Telephone Service. Steno-
graphic service available.

THE FRED F. FRENCH
BUILDING OFFICE
AND SERVICE PLAN

551 Fifth Avenue • 3rd floor • Suite 330-356
Telephone: VAnDerbilt 3-6325

Fred F. French Management Co., Inc.



TRY... AT OUR EXPENSE

To executives who make their request on company letterheads we shall be pleased to send a ten-day free trial subscription to Clay's Economic Daily.

This terse, specific daily letter is of value to the investor and the business executive alike. No tips, no gossip—but the sound fundamentals of business and finance analyzed and interpreted by an outstanding economist with over thirty years' experience. Definite recommendations are given as to the best future course of action.

**CLAY'S
ECONOMIC SERVICE, Inc.**
PAUL CLAY, Economist
1 Broadway New York, N. Y.

How Close Is Close?

In a recent SALES MANAGEMENT advertisement we quoted a letter from the Holland Furnace Company, advising us how close our Business Activity figures came to their sales quota figures.

Our Statistical Department has available now "BUSINESS ACTIVITY AS MEASURED BY BANK DEBITS" for the month of August, showing the percentage of normal for the 262 cities covered by the Federal Reserve Board figures.

Those cities whose percentage equals the national average are printed in every first-of-the-month issue of SALES MANAGEMENT. Figures for all cities are available ten days earlier and are sold at a nominal price as a special service to our readers.

As long as the supply lasts we shall be pleased to send as many sample copies of the August compilation as may be desired for distribution to branch managers to show the relative standing of their cities or district in comparison with other offices.

SALES MANAGEMENT,
420 Lexington Avenue,
New York, N. Y.

Attn: S. D.

Please forward _____ copies of the
BUSINESS ACTIVITY AS MEASURED BY
BANK DEBITS for the month of August.

Name _____ Title _____

Company _____

Address _____

City _____ State _____

Survey of Surveys

(Continued from page 254)

annual total income earned by them, and the annual average earned male income. Next we have the same for female population, earned income, etc. Next the total number of negro families in the division and the per cent that this is of the city total. Then the dwellings in the division are broken down into one-family, two-family and three-family and over classes. Next, the total number of homes, the per cent of homes owned and per cent with radios. Next the total number of homes owned, the number valued under \$1,000 and in nine divisions up to \$20,000 and over. Next the number of rented homes and the number renting for less than \$10 a month and for nine other divisions including \$200 a month and over.

Next we have the number of automobile sales in the low-price class, the low-middle, the high-middle and the high price classes and miscellaneous, as well as the totals for the years of 1929, 1930, 1931 and the first six months of 1932, also places to keep similar records for full 1932 and 1933. The backs of the next two pages are blank to permit special sales records to be kept as of each division.

It would seem that these were enough improvements, but, in addition to these, there is one more that is so important that it must not go unnoticed. At the bottom of the page opposite the colored map is a map in variously shaded sections that shows the spending power by sections and a table alongside that shows the number of families, the amount of earned income in dollars, and the average per family, in each of the five spending power classes shown above. And finally, each of the shopping centers is starred, an open white star for an ordinary section and a black star for every shopping center where

the pedestrian count is more than 10,000 for 16 hours, together with a table showing the number of pedestrians and the number of vehicles for each center for 16 hours. You probably can't get a copy of this book without some kind of a sheriff's writ. But if you do, guard it with your life—because S. O. S. again ventures to predict that they'll be worth a thousand dollars apiece of any man's money if that man has sales problems in Chicago.

Ships Promotion Matter in Anti-Freeze Drums

To be sure that every dealer in Pyro anti-freeze gets a complete set of the current promotion matter of the U. S. Industrial Alcohol Company, New York, as well as the new Pyro double-head drum, the company is sending the promotion pieces in the drums.

For the wholesaler, it is explained, the method eliminates the time and expense of assembling the various pieces of advertising matter, wrapping and shipping them to the trade.

Within the drum head the dealer finds information on the new Pyro formula and drums, the 13-week radio program over NBC stations, streamers and charts, siphon, service sign, cut service for dealer advertisements, direct mail and other material.

Byron C. Foy, president of the De Soto Motor Corporation, has been appointed chairman of the advertising committee of the National Automobile Chamber of Commerce.

Personal Service and Supplies

Classified Rates: 50c a line of seven words; minimum \$3.00. No display
Cash Basis Only. Remittance Must Accompany Order

EXECUTIVES WANTED

IF YOU ARE OPEN TO OVERTURES FOR new connection and qualified for a salary between \$2,500 and \$25,000, your response to this announcement is invited. The undersigned provides a thoroughly organized service of recognized standing and reputation through which preliminaries are negotiated confidentially for positions of the calibre indicated. The procedure is individualized to each client's personal requirements, your identity covered and present position protected. Established twenty-two years. Send only name and address for details. R. W. Bixby, Inc., 118 Delaware Building, Buffalo, N. Y.

SALES PROMOTION

\$50 to \$50,000 DAILY SALES SECURED FROM our clients. This distributor took on a new specialty, retailing at \$60. His first purchase \$12. We submitted a sales program capable of national expansion. Within four years his sales were nationwide, running to \$100,000 monthly. 35 years salesmanship-in-print experience back of our campaigns. Submit sales problems for free diagnosis. 10 years Sales Promotion Manager, Larkin Co. James C. Johnson, 119 Woodbridge Ave., Buffalo, N. Y.

MATERIALS WANTED

WANTED TO BUY
ONE (1) SET-O-TYPE
Give age, price, conditions and complete information.
The Newport Rolling Mill Co.,
Newport, Kentucky.

POSITION WANTED

SALES MANAGER WITH RECORD OF outstanding results on Pacific Coast desires a new connection for the Pacific Coast. Can introduce new line, rebuild or stimulate the volume of a line already established. Write Box 352, SALES MANAGEMENT, 420 Lexington Ave., New York City.

SALESMEN WANTED

WANTED—BANK SALESMEN FOR THE famous FLAT LAY ROLL RING BINDER, also a full line of Pass Books and Check Covers for banks. The Pass Book and Check Cover Company, 232 Broadway, Denver, Colorado.

"GIBBONS knows CANADA"